IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

CUSTOMER NO. 22927

Appellants:	Jay S. Walker, Magdalena Mik Fincham, Timothy Palmer, Russell P. Sammon, Michiko Kobayashi, Geoffrey Gelman, Miles Lasater, Andrew P. Golden, Keith Bemer, and Scott Wolinsky
Application No.:	09/592,618
Filed:	June 13, 2000
Title:	METHOD AND APPARATUS FOR PROVIDING A BENEFIT DURING A TRANSACTION FOR USE DURING A LATER TRANSACTION

Attorney Docket No. 00-012

Group Art Unit: 3629
Examiner: Borissov, Igor N.

APPEAL BRIEF

BOARD OF PATENT APPEALS AND INTERFERENCES

Mail Stop: Appeal Brief
Commissioner for Patents
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Appellants hereby appeal to the Board of Patent Appeals and Interferences from the decision of the Examiner in the Final Office Action mailed October 20, 2003 (Paper No. 7), rejecting claims **1 – 57, 59 – 64 and 81 - 87**.

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REAL PARTY IN INTEREST

The present application is assigned to Walker Digital, LLC, 1177 High Ridge Road, Suite 128, Stamford, CT 06905.

RELATED APPEALS AND INTERFERENCES

No interferences or appeals are known to Appellants, Appellants' legal representative, or assignee which will directly affect, be directly affected by or have a bearing on the Board's decision in the pending appeal.

STATUS OF CLAIMS

Claims **1 – 57, 59 – 64 and 81 - 87** are pending in the present application.

Claims **1 – 57, 59 – 64 and 81 - 87** stand rejected under 35 U.S.C. §101 as being directed to non-statutory subject matter.

Claims **1 – 4, 6 – 9, 11 – 23, 28 – 33, 35 – 38, 40 – 44, 46 – 57, 59 – 64 and 81 – 87** stand rejected under 35 U.S.C. §103(a) as being unpatentable over a published U.S. Patent Application, U.S. Publication No. 2002/0049631, filed in the name of Williams ("Williams" herein).

Claims **5, 10, 24, 25, 34 and 39** stand rejected under 35 U.S.C. §103(a) as being unpatentable over a combination of Williams and U.S. Patent No. 5,970,470 to Walker et al. ("Walker" herein).

Claims **26, 27 and 45** stand rejected under 35 U.S.C. §103(a) as being unpatentable over a combination of Williams and U.S. Patent No. 4,723,212 to Mindrum et al. ("Mindrum" herein).

Claims **1 – 28, 30 – 57, 59 – 64** and **81 – 87** are being appealed.

STATUS OF AMENDMENTS

No amendments were filed subsequent to the Final Office Action mailed October 20, 2003, the rejections of which are being appealed herein.

SUMMARY OF INVENTION

In accordance with one or more embodiments, a method comprises allowing a customer to purchase a benefit during a first transaction that will be, e.g., applied by or for the customer at a later time or during a future transaction for the purchase, rental, lease, etc. of one or more products or services. The benefit may provide a price guarantee for the customer during the purchase of one or more products and/or services in a future transaction. Specification, page 3, lines 7 – 14 and Figure 11.

The benefit purchased by the customer during the first transaction may provide the customer with a guaranteed or "locked-in" price for one or more products and/or services purchased by the customer during the future transaction, thereby protecting the customer against price increases for the products and/or services purchased during the future transaction for which the benefit is applied. As a result, the customer knows the maximum price that the customer will have to pay for the products and/or services during the future transaction, thereby reducing

any price uncertainty or concern about future price increases that the customer may have. For example, during a first transaction a customer may purchase product A for two dollars and product B for four dollars. The customer may also purchase a benefit for fifty cents that enables the customer to purchase products A and B during a later second transaction at the same prices the customer is purchasing the products A and B at during the first transaction (i.e., two dollars for product A and four dollars for product B). Thus, the benefit purchased for fifty cents by the customer guarantees or "locks in" the price of the product A at two dollars and the price of the product B four dollars in the later second transaction, even if the prices of the products A and B individually or collectively increase after the first transaction. Specification, page 8, lines 1 – 18 and Figure 5.

ISSUES

Whether claims **1 – 28, 30 – 57, 59 – 64 and 81 – 87** are directed to statutory subject matter.

Whether claims **1 – 4, 6 – 9, 11 – 23, 28, 30 – 33, 35 – 38, 40 – 44, 46 – 57, 59 – 64 and 81 – 87** are unpatentable under 35 U.S.C. § 103(a) as being obvious in light of Williams.

Whether claims **5, 10, 24, 25, 34 and 39** are patentable over Williams in view of Walker.

Whether claims **26, 27 and 45** are patentable over Williams in view of Mindrum.

GROUPING OF CLAIMS

The claims in different groups do not stand and fall together. Appellants group the pending claims as follows:

Group I – claims **1 – 28, 30 – 57**;

Group II – claims **59 – 64**;

Group III – claims **81 – 83**;

Group IV – claim **84**;

Group V – claim **85**; and

Group VI – claim **86 and 87.**

Appellants believe that claims in different groups are separately patentable, as explained below.

ARGUMENT

As explained below, the Examiner's §103(a) rejection of the claims is improper at least because the Examiner has failed to set forth the required *prima facie* case of unpatentability of any claim. The Examiner has not shown all limitations of any appealed claim to be disclosed or suggested by the references of record, alone or in combination. Further, the rejections are based on improper combinations and modifications of the references without adequate motivation in the record for making the proposed combinations and modifications.

Moreover, regardless of the failure to present a *prima facie* case, the cited references, whether alone or in any combination, cannot be interpreted in a manner that would render any pending claim obvious.

Further, the §101 rejection is improper because it is not based on any regulatory, statutory or case law basis. The basis provided by the Examiner for the rejection is an arbitrary and capricious change in Patent Office policy.

Accordingly, the rejections are inappropriate and Appellants respectfully request that the Examiner's rejections be reversed.

In the arguments herein, claim numbers are indicated in **bold**, limitations of the claims are indicated in *italics*, and the references of record are indicated by <u>underlining</u>.

In separate arguments of patentability of different Groups, Appellants have, where possible, referred to prior arguments to avoid undue repetition.

THE REFERENCES

The Examiner has relied on a plurality of references in the rejection of the claims being appealed herein. However, the references cited by the Examiner, either alone or in combination, do not disclose or suggest all of the limitations of any claim being appealed.

Discussed immediately below are the reference used in rejecting the appealed claims, <u>Williams</u>, <u>Walker</u> and <u>Mindrum</u>.

The Williams application

In summary, Williams describes a system and method for providing electronic incentives to customers. Abstract. A centralized incentive system is connected to multiple store Point of Sale (POS) systems. A customer is provided an electronic incentive for which the customer qualifies at a POS of a retail store. [0012]. The system stores in a database in association with one another an identification of a customer and the prerequisites for the customer to obtain the benefit associated with the incentive. That is, the database stores the purchase specification, which includes the products or services which must be purchased in association with the customer's identification as a prerequisite for giving the purchaser the benefit associated with the incentive. [0020]. The prerequisite to providing a benefit may be a purchase of a particular product, a minimum total purchase amount, a purchase of a combination of products. If the customer makes such a purchase, he or she will receive the benefit defined by the incentive specification. The benefit of an electronic incentive may be a discount on the purchase price of a specified item when that item is purchased. The benefit of an electronic incentive may also be a discount contingent on the present or future purchase of another product. [0022]. A retailer providing an electronic incentive to a customer is compensated for the cost of the incentive by the sponsor of the electronic incentive. For example, funds equivalent to the benefit to be credited to the customer are transferred from the promoter's account to the retailer's account in order to compensate the retail store for the incentive. [0014], [0020], [0039], [0040], [0052] and [0060].

The Walker patent

In summary, Walker describes systems and methods for distributing a product in accordance with a subscription purchase agreement. Abstract. A buyer and seller may enter into an agreement that includes a commitment by the buyer to purchase a specified plurality of an item from a seller over a period of time and at a specified price. Col. 2, lines 60 – 63. If the buyer does not purchase the specified plurality of the item during the period of time, a fee may be charged to an account maintained by the buyer. Col. 3, lines 3 – 6.

The Mindrum patent

In summary, Mindrum describes a method and apparatus for creating a discount coupon in response to the purchase of a product other than the one to which the coupon applies. Abstract. An apparatus identifies a triggering product in a customer order, associates the triggering product with a coupon deal and automatically prints at least one discount coupon for a product other than the triggering product. Col. 2, lines 7 – 12. In one embodiment, a store may select to only print a coupon if a minimum purchase total is met. Col. 11, lines 26 – 36.

1. Group I

Group I includes independent claims **1, 30, 47, 49, 51 – 54 and 56** as well as dependent claims **2 – 28, 31 – 46, 48, 50, 55 and 57**.

Since all appealed claims include the limitation argued with respect to Group I, the patentability of the claims of Group I renders all claims of all other groups patentable as well.

The §103(a) rejection of the claims of Group I is flawed because the Examiner has not made a *prima facie* case of unpatentability of any claim of Group I. Specifically, the Examiner has not shown that each of the claim limitations is taught or suggested by the prior art. Further, the Examiner has not provided a proper motivation to modify or combine the references in the manner suggested.

Further, no claim of Group I can be deemed obvious in light of the references of record, alone or in any combination, because the cited references, alone or in any combination, cannot be interpreted in a manner that would disclose or suggest any claim of Group I.

Further still, the §101 rejection of the claims of Group I is flawed because the basis for the rejection is unsupported by any statute, regulation, or court opinion and is counter to agency precedent.

1.1. Independent Claims 1, 30, 47, 49, 51 – 54 and 56

Independent claim **1** is directed to a method for conducting a transaction. The method comprises receiving information relating to a first transaction and determining a benefit based at least in part on the information. The method further comprises determining a price for the

benefit and charging the price to a customer associated with the first transaction. The benefit is applied during a second transaction.

Independent claim **30** is directed to a method for conducting a transaction. In accordance with the method, transaction information is received and a benefit and a qualifying action associated with the benefit is determined. The benefit is based at least in part on the transaction information. A price is determined for the benefit. The benefit is sold at the price to a customer associated with the transaction information. The benefit is applied during a future transaction.

Independent claim **47** is directed to a method for conducting a transaction. The method comprises conducting a transaction for a purchase of a first service and determining a benefit during the transaction. The benefit is associated with a future purchase of a second service. The benefit also has an associated price. The benefit is provided, to a customer associated with the transaction, at the price. The price of the benefit is thereby charged to the customer. The benefit is applied during a future purchase.

Independent claim **49** is directed to a method for conducting a transaction. The method comprises steps analogous to those of claim **47**, except that the transaction is for the purchase of a first product rather than a first service.

Independent claim **51** is directed to a method for conducting a transaction. In accordance with the method, information relating to a first transaction is received and a benefit is determined. The benefit is based at least in part on the information. The benefit also has an associated price. The benefit is provided at the price, during the transaction, to a customer

associated with the first transaction. The price of the benefit is thereby charged to the customer. The benefit is applied during a second transaction. The benefit is applicable by the customer during the second transaction only if the customer has completed a qualifying action associated with the benefit.

Independent claim **52** is directed to a method for conducting a transaction. In accordance with the method, information relating to a first transaction is received and a benefit is determined. The benefit is based at least in part on the information. The benefit also has an associated price. The benefit is sold at the price, during the transaction, to a customer associated with the first transaction. The price of the benefit is thereby charged to the customer. The benefit is applied during a second transaction. The benefit is applicable by the customer during the second transaction only if at least one of a designated product or service is purchased during the second transaction.

Independent claim **53** is directed to a method for conducting a transaction. The method comprises receiving information associated with a first transaction and establishing a benefit having a first price. The benefit is sold to a customer associated with the first transaction for the first price during the first transaction. The first price of the benefit is thereby charged to the customer. The benefit is applied during a second transaction.

Independent claim **54** is directed to a method for conducting a transaction. The method comprises providing information related to at least one transaction and receiving an indication of (i) a benefit and (ii) a price for the benefit. The method further comprises purchasing the benefit at the price and using the benefit during a later transaction.

Independent claim **56** is directed to a method for conducting a transaction. The method is from a customer's perspective and comprises receiving an indication of a benefit and an indication of a price for the benefit. The method further comprises purchasing the benefit at the price during a first transaction and redeeming the benefit during a second transaction.

For brevity, the discussion below refers to independent method claim **1**, but the arguments are likewise applicable to independent claims **30, 47, 49, 51 – 54 and 56** and dependent claims **2 – 28, 31 – 46, 48, 50, 55 and 57**.

1.2. Advantages of Independent Claim 1

The embodiment of Claim **1** provides advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination.

In general, the method of claim **1** is advantageous in that it provides for *charging a price of a benefit to a customer of a transaction*. This is advantageous at least because it improves the likelihood of a customer redeeming the benefit in a future transaction. If a customer purchases a benefit by providing payment therefor, the customer is more likely to remember having the benefit and may also be more motivated to use the benefit in order to get his money's worth. In other words, the customer may feel a sense of equity in the benefit by having paid for it. This feature is also advantageous in that it allows an entity providing the benefit to recoup at least a portion of a cost of the benefit and / or offset any losses incurred as a result of the benefit.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

1.3. No Prima Facie Showing of Unpatentability of the Claims of Group I

A reading of the rejections of the claims of the Group reveals that the Examiner has not shown that a limitation of the claims of the Group is disclosed or suggested by the references of record. Accordingly, the Examiner has not presented a *prima facie* case of obviousness of any claim of the Group.

The Examiner bears the burden of establishing a *prima facie* case of obviousness based upon the prior art. In re Fritch, 972 F.2d 1260, 1265 (Fed. Cir. 1992). To reject claims in an application under section 103, an examiner must show an unrebutted *prima facie* case of obviousness. In re Rouffet, 149 F.3d 1350, 1355 (Fed. Cir. 1998). If examination at the initial stage does not produce a *prima facie* case of unpatentability, then without more the applicant is entitled to grant of the patent. In re Oetiker, 977 F.2d 1443, 1445 (Fed. Cir. 1992).

The factual predicates underlying an obviousness determination include the scope and content of the prior art, the differences between the prior art and the claimed invention, and the level of ordinary skill in the art. In re Rouffet, 149 F.3d 1350, 1355 (Fed. Cir. 1998). The secondary considerations are also essential components of the obviousness determination. In re Rouffet, 149 F.3d 1350, 1355 (Fed. Cir. 1998).

When a rejection is based on a modification of a reference, the Examiner can satisfy the *prima facie* burden only by showing some objective teaching leading to the proposed modification of the reference. A single prior art reference can render a claim obvious. However, there must be a showing of a suggestion or motivation to modify the teachings of that reference to the claimed invention in order to support the obviousness conclusion. This suggestion or motivation may be derived from the prior art reference itself, from the knowledge of one of ordinary skill in the art, or from the nature of the problem to be solved. SIBIA Neurosciences, Inc. v. Cadus Pharm. Corp., 225 F.3d 1349 (Fed. Cir., 2000).

When a rejection is based on a combination of references, the Examiner can satisfy the *prima facie* burden only by showing some objective teaching leading to the purported combination of references. In re Fritch, 972 F.2d 1260, 1265 (Fed. Cir. 1992). Lacking a motivation to combine references, there is no *prima facie* case of obviousness. In re Rouffet, 149 F.3d 1350, 1358 (Fed. Cir. 1998).

Finally, during examination, claims are given their broadest reasonable interpretation consistent with the specification. In re Hyatt, 211 F.3d 1367 (Fed. Cir. 2000). The "PTO applies to verbiage of the proposed claims the broadest reasonable meaning of the words in their ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in applicant's specification." In re Morris, 127 F.3d 1048, 1054-55 (Fed. Cir. 1997).

1.3.1. No showing that the references suggest charging a price of a benefit to a customer of a transaction.

Simply put, the Examiner has not made any showing that any of the references, alone or in combination, teach or suggest *charging a price of a benefit to a customer of a transaction.*

The Examiner has relied on a single reference, Williams, in the rejection addressing the above claim limitation. Specifically, the Examiner has merely provided the following assertion with respect to this claim limitation:

> "Williams also teaches that if the customer accepts the offer for the benefit, the customer should spend a certain amount of money in exchange for said benefit.
>
> Howevwer [sic], Williams does not specifically teach that spending a certain amount of money in exchange for said benefit includes charging the price of the benefit to a customer.
>
> It would have been an obvious matter of design choice at the time the invention was made to modify Williams to include that spending a certain amount of money in exchange for said benefit includes charging the price of the benefit to a customer" Final Office Action, bottom of page 3 through top of page 4.

In rejecting a claim based on "an obvious matter of design choice", it is the burden of the Examiner to show in the record that the choices in the design were known in the prior art and that one of skill in the art would recognize the alternatives as interchangeable substitutes, with no significant differences resulting from which design is selected. Overhead Door Corp. v.

Chamberlain Group, Inc., 194 F.3d 1261 (Fed. Cir. 1999); In re Rice, 52 C.C.P.A. 998, 341 F.2d 309, 314, 144 U.S.P.Q. (BNA) 476, 480 (CCPA 1965).

In rejecting the claims of Group I, the Examiner has not made any attempt to show that *charging a price of a benefit to a customer of a transaction* was known in the prior art at the time of the invention, much less that one of ordinary skill in the art would have recognized such a feature as interchangeable with a pre-requisite of spending a certain amount of money to purchase products in order to qualify for a benefit. The Examiner has certainly not shown that no significant differences would result from such a substitution. Accordingly, the Examiner has not established a *prima facie* case of obviousness with respect to the Group.

Further, as will be explained below in Section 1.4.1, *charging a price of a benefit to a customer of a transaction* was not described or suggested by any of the references of record at all, much less as a recognized substitute for a pre-requisite of spending a certain amount of money to purchase products to qualify for a benefit.

Thus, in summary, the Examiner has shown that the references, alone or in combination, suggest *charging a price of a benefit to a customer of a transaction.*

1.3.2. No showing of a proper motivation to combine the references.

The Examiner simply has not shown a motivation in the prior art of record to modify or combine the references in the way suggested by the Examiner, or in any other manner that renders the claims obvious.

Obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. In re Fine, 5 USPQ2d 1596 (Fed. Cir. 1988); In re Jones, 21 USPQ2d 1941 (Fed. Cir. 1992). Furthermore, particular findings must be made as to the reason the skilled artisan, with no knowledge of the claimed invention, would have selected these components for combination in the manner claimed. In re Kotzab, 217 F.3d 1365, 1371, 55 U.S.P.Q.2d 1313, 1317 (Fed. Cir. 2000).

A finding of obviousness requires that the art contain something to suggest the desirability of the proposed combination. In re Grabiak, 769 F.2d 729, 732 (Fed. Cir. 1985). In the absence of such a showing, there is inadequate support for the position that the proposed modification would *prima facie* have been obvious. Id. The absence of such a suggestion to combine is dispositive in an obviousness determination. Gambro Lundia AB v. Baxter Healthcare Corp., 110 F.3d 1573, 1579 (Fed. Cir. 1997).

When the art in question is relatively simple, the opportunity to judge by hindsight is particularly tempting. Consequently, the tests of whether to combine references need to be applied rigorously. McGinley v. Franklin Sports, Inc., 262 F.3d 1339, 1352 (Fed. Cir. 2001). In each case the factual inquiry whether to combine references must be thorough and searching. Id., at 1352 - 53.

A single prior art reference can render a claim obvious. However, there must be a showing of a suggestion or motivation to modify the teachings of that reference to the claimed invention in order to support the

obviousness conclusion. This suggestion or motivation may be derived from the prior art reference itself, from the knowledge of one of ordinary skill in the art, or from the nature of the problem to be solved. SIBIA Neurosciences, Inc. v. Cadus Pharm. Corp., 225 F.3d 1349 (Fed. Cir. 2000).

In the present application, the Examiner has relied on a single reference, Williams, in the rejection of the claims of the Group. The following reason has been asserted for the proposed modification of Williams to include the feature of *charging a price of a benefit to a customer of a transaction*, after admitting that Williams does not describe this feature but does describe a pre-requisite of spending a certain amount of money to purchase products that a customer must satisfy in order to be given a benefit:

> "It would have been an obvious matter of design choice...because it appears that the claimed features do not distinguish the invention over similar features in the prior art, and the teachings of Williams would perform the invention as claimed by the applicant with either specifically teaching the price of the benefit, or not."

As apparent on its face, this assertion does not provide **any** motivation found in the record, other than the teachings of Appellants' disclosure, of why one of ordinary skill in the art at the time of Appellants' invention would have been motivated to make the proposed modification to Williams.

First, the assertion merely states that the teaching of Appellants' disclosure *can* be combined with Williams without rendering Williams inoperable, with no reasoning as to why one or ordinary skill in the art

would have been motivated to modify the reference as suggested by the Examiner. It is well established that the mere fact that references can be combined or modified does not render the resultant combination obvious unless the prior art also suggests the desirability of the proposed combination or modification. In re Mills, 916 F. 2d 680, 16 USPQ2d 1430 (Fed. Cir. 1990); MPEP 2143.01.

Second, as best as Appellants can understand the assertion regarding the motivation to modify Williams, the Examiner appears to either (i) be making the circular argument that it would have been obvious to modify Williams to include Appellants' feature of charging a price of a benefit to a customer because this feature is an obvious modification of a feature in Williams; or (ii) asserting that requiring that a customer spend a certain amount of money in order to qualify for a benefit is equivalent to charging the price of the benefit to the customer. Neither position is tenable.

Regarding possible position (i), asserting that it would be obvious to modify a reference to include Appellants' claimed feature because the feature is an obvious modification of a feature in Williams leaves unanswered the question of *why* one of ordinary skill in the art would have been motivated to make the modification, absent a reading of Appellants' disclosure. It is the burden of the Examiner to provide in the record findings of fact that show why one of ordinary skill in the art would have been motivated to modify a reference in a manner proposed by the Examiner. For example, the Examiner may provide support for the proposed modification by providing substantial evidence about knowledge of one of ordinary skill in the art or by pointing to a statement in the reference that would have prompted the proposed modification. No such findings of fact have been

made in support of the rejection of the claims of Group I. The above-quoted assertion is completely devoid of any reasoning or fact finding as to why one of ordinary skill in the art would have been motivated to make the proposed modification to Williams.

Regarding possible position (ii), and as discussed above in Section 1.3.1, the Examiner has provided absolutely no reasoning as to why *charging a price of a benefit to a customer of a transaction* would have been recognized by one of ordinary skill in the art as equivalent to requiring a customer to spend a certain amount of money to purchase products in order to qualify to be given a benefit.

Further, as Appellants argued in the Response to the First Office Action (mailed October 03, 2002), Williams explicitly describes that a retailer providing an electronic incentive to a customer is compensated for the cost of the incentive by the sponsor of the electronic incentive. For example, funds equivalent to the benefit to be credited to the customer are transferred from the promoter's account to the retailer's account in order to compensate the retail store for the incentive. [0014], [0020], [0039], [0040], [0052] and [0060]. Thus, although Williams explicitly describes that an entity providing a benefit may incur a cost of the benefit that should be paid back to the entity, Williams limits this recoupment of the cost of the benefit to being performed by charging a sponsor of the benefit. Williams utterly fails to address any other entity, much less a customer, being charged a price for the benefit or the desirability of doing so. In other words, the Examiner's proposed modification of Williams is contrary to the teachings of Williams. In making the above assertion, the Examiner has utterly failed to address Appellants' argument regarding this teaching of Williams.

Thus, in summary, the Examiner has not shown a motivation in the record to modify or combine any of the references of record in any manner that renders the claims of the Group obvious.

1.4. The Claims of Group I are Allowable Over the Cited References

As described above, the Examiner has failed to provide a *prima facie* showing of obviousness. In addition, the references cannot be modified or combined in any manner that would render the claims of the Group obvious.

1.4.1. The references do not suggest *charging a price of a benefit to a customer of a transaction*

Despite the assertions in the Final Office Action, none of the references, alone or in combination, teach or suggest *charging a price of a benefit to a customer of a transaction.*

Williams describes providing a benefit to a customer who pre-qualifies to be given a benefit via, for example, a purchase of at least a predetermined purchase total. [0022]. However, a requirement of a predetermined purchase total in order to qualify to be given a benefit is not equivalent to *charging a price for a benefit to a customer of a transaction.* This is at least because charging a price for the benefit inherently requires additional steps (e.g., receiving payment and authorization from the customer for the benefit) that are not performed in the prior art system.

Further, the Williams system is currently not programmed to perform a step of *charging a price of a benefit to a customer of a transaction*. The Williams system is programmed to determine a purchase total, determine whether a customer qualifies for a benefit and to give the benefit to the customer if the customer so qualifies. See, for example, [0012] and [0013]. Including in the Williams system a step of *charging a price of a benefit to a customer of a transaction* would required reprogramming of the Williams system. Under the patent laws, the reprogrammed system becomes a new machine once different software programs the device to perform a different process. See WMS Gaming Inc. v. International Game Tech., 184 F.3d 1339, 1348, 51 U.S.P.Q.2d 1385 (Fed. Cir. 1999) ("A general purpose computer, or microprocessor, programmed to carry out an algorithm creates a new machine, because a general purpose computer in effect becomes a special purpose computer once it is programmed to perform particular functions pursuant to instructions from program software"); In re Alappat, 33 F.3d 1526, 1545, 31 USPQ2d 1545 (Fed. Cir. 1994) (en banc) ("programming creates a new machine, because a general purpose computer in effect becomes a special purpose computer once it is programmed to perform particular functions"); In re Bernhart, 417 F.2d 1395, 1399-1400, 163 U.S.P.Q. 611, 615-16 (CCPA 1969) ("If a machine is programmed in a certain new and unobvious way, it is physically different from the machine without that program"); See, also, In re Noll, 545 F.2d 141, 148, 191 U.S.P.Q. 721, 726 (CCPA 1976); In re Prater, 415 F.2d at 1403 n.29, 162 U.S.P.Q. at 549-50 n.29.

Further still, *charging a price for a benefit to a customer of a transaction* results in advantages not realized by merely requiring that a customer spend a predetermined purchase total in purchasing products in order to qualify to be given a benefit. As described in Section 1.2 above, a customer who pays a price for the benefit itself is likely to remember having the benefit, and thus more likely to use the benefit, than a customer who is simply given a benefit. This is because the customer who is charged a price for the benefit itself (as opposed to being charged a purchase total for products purchased in a transaction) is likely to feel a sense of equity or investment in the benefit and is likely to want to "get his money's worth" by using the benefit that he paid for.

A customer who is merely given a benefit, even if the customer had to spend a minimum purchase total in order to qualify for the benefit, is not nearly as likely to remember having the benefit and is thus less likely to use the benefit. A customer who spends the minimum purchase total is likely to associate the minimum purchase total with the products purchased via the minimum purchase total, and not necessarily with the benefit that was given to the customer as a reward therefor. Further, the customer who is given the benefit after spending the minimum purchase total leaves the transaction with the products purchased via the minimum purchase total and can enjoy and use the products, irrespective of whether the customer ever uses the benefit given to the customer as a reward. In stark contrast, the customer who is charged a price for a benefit in accordance with the embodiment of claim **1** may not have anything to enjoy or use unless and until the customer uses the benefit.

Although the Examiner does not rely on any other reference as teaching or suggesting the claimed feature of *charging a price of a benefit to a customer of a transaction*, the Examiner does rely on Mindrum and Walker as allegedly teaching other limitations of some of the claims of Group I. Accordingly, Appellants have reviewed the entireties of Mindrum and Walker and have not found any hint of the claimed feature of *charging a price of a benefit to a customer of a transaction*. Mindrum, similarly to Williams, describes providing a coupon to a customer who pre-qualifies for the coupon by, for example, spending at least a predetermined amount in a transaction. As explained immediately above, this feature is not equivalent to, nor renders obvious, the claimed feature of *charging a price of a benefit to a customer of a transaction*. Walker does not teach charging a customer for a price of a benefit at all but rather addresses charging a customer for a product in accordance with a subscription agreement.

At least because (i) none of the references teach or suggest the claimed feature of *charging a price of a benefit to a customer of a transaction* and (ii) nothing in the record teaches or suggests that a feature of a prerequisite of a minimum purchase total that qualifies a customer to be given a benefit is an equivalent of *charging a price of a benefit to a customer of a transaction*, the combination of the references also fails to teach or suggest this feature. Further, no motivation exists in the record for modifying any of the references such that they include this feature, as discussed below in Section 1.4.2.

In conclusion, the Examiner has not set forth a *prima facie* case of obviousness of the claims of Group I, none of the references (alone or in

combination) disclose or suggest the limitations of the claims of Group I, and none of the references (alone or in combination) possess the advantages conferred by those limitations, as discussed in detail above in Section 1.2 "Advantages of Independent Claim **1**". Accordingly, for at least those reasons, the claims of Group I are patentable in view of the cited references.

1.4.2. No motivation exists in the record to modify any of the references to include the feature of *charging a price of a benefit to a customer of a transaction*.

Not only do none of the references anticipate the embodiment of claim **1**, but the references cannot be properly modified or combined such that it would have rendered, at the time of the invention, the embodiment of claim **1** obvious to a person of ordinary skill in the art.

Obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention when there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. In Re Fine, 5 USPQ2d 1596 (Fed. Cir. 1998); In Re Jones, 21 USPQ2d 1941 (Fed. Cir. 1992). Further, particular findings must be made as to the reason the skilled artisan, with no knowledge of the claimed invention, would have selected these components for combination in the manner claimed. In re Kotzab, 217 F.3d 1365, 1371, 55 USPQ2d 1313, 1317 (Fed. Cir. 2000).

A finding of obviousness requires that the art contain something to suggest the desirability of the proposed combination. In re Grabiak, 769 F.2d 729, 732 (Fed. Cir. 1985). In the absence of such a showing, there is

inadequate support for the position that the proposed modification would prima facie have been obvious. Id. The absence of such a suggestion to combine is dispositive in an obviousness determination. Gambro Lundia AB v. Baxter Healthcare Corp., 110 F.3d 1573, 1579 (Fed. Cir. 1997).

Nothing in the references suggests the desirability of modifying the methods such that *a price of a benefit is charged to customer of transaction*. In fact, both Williams and Mindrum characterize the benefit given to a customer as a reward, thus teaching away from charging the customer a price therefor. Charging a customer for the benefit would turn the benefit from a reward into a purchase. This would render Williams and Mindrum, respectively, unsatisfactory for its intended purpose of providing rewards to customers. Further, Williams acknowledges that an entity providing a benefit may incur a cost therefor yet limits the method of recouping the cost to charging the sponsor of the benefit for the cost. Charging a customer for the benefit would be contrary to the teachings of Williams and Mindrum. Walker does not address charging a customer for a benefit at all, but rather addresses charging a customer for a product in accordance with a subscription agreement.

Since no suggestion to modify the references is found in the record, the references cannot be properly modified to establish obviousness of the method of claim **1**.

1.5. The Claims of Group I are Directed to Statutory Subject Matter

The §101 rejection of the claims of Group I is flawed because the Examiner has not made out a *prima facie* case of unpatentability. Specifically, the Examiner has not shown that any claim of Group I is

directed to non-statutory subject matter. In particular, the Examiner has not shown that the claims of Group I do not produce a "useful, concrete and tangible result", which is the sole requirement. In fact, the claims of Group I do produce a "useful, concrete and tangible result."

Further, the Examiner has not provided a proper legal basis for rejecting the claims of Group I as non-statutory. Instead, the Examiner has proposed a novel legal test, which deems the Federal Circuit's "useful, concrete and tangible result" standard to be insufficient and incomplete.

Finally, the Examiner's use of a novel legal test for determining the presence of statutory subject matter is an arbitrary and capricious change in PTO policy.

1.5.1. Appellants' Understanding of the Standard Used by Examiner

The claims of Group I stand rejected by the Examiner under 35 U.S.C. 101 "because the claimed method for conducting a transaction does not recite a limitaion [sic] in the technological arts." Final Office Action (Paper No. 7), page 2. The Examiner asserts that the claim steps "are abstract ideas which can be performed mentally without interaction of a physical structure. Because the independently claimed invention is directed to an abstract idea which does not recite a limitation in the technological arts, those claims and claims depending from them, are not permitted under 35 U.S.C. 101 as being related to non-statutory subject matter." Id.

Appellants note that in the First Office Action (Paper No. 2), the Examiner based the §101 rejection of the claims on a different standard. In that Office Action, the Examiner rejected the pending claims under §101 because the claimed method "does not recite a useful, concrete and tangible

result", adding further that "determining a price for said benefit; and applying said benefit during a second transaction, are abstract ideas which can be performed mentally without interaction of a physical structure or are mere data storage devices that do not implement a useful, concrete and tangible result of a machine." First Office Action (Paper No. 2), page 2. It appears, however, that the Examiner has modified the standard under which the claims are currently rejected to be simply that the claims do not recite "interaction with a physical structure" and is no longer asserting that the claims do not produce a useful, concrete and tangible result.

Irrespective of which of the above two standards is being relied upon by the Examiner, as discussed in detail below, each of the claims does produce a useful, concrete and tangible result and is thus directed to statutory subject matter. Further, both the standard applied by the Examiner in the First Office Action and the standard applied by the Examiner in the Final Office Action are improper standards that have no basis in the law. The proper standard is discussed below, along with how the appealed claims meet the proper standard.

1.5.2. The Proper Legal Standard Under Section 101: Useful, Concrete and Tangible Result

Whether a claim is directed to statutory subject matter under §101 is a question of law. AT & T Corp. v. Excel Communications, Inc., 172 F.3d 1352, 1355, 50 USPQ2d 1447, 1449 (Fed. Cir. 1999).

The proper legal test for the presence of statutory subject matter is only that a claimed process or apparatus produce a "useful, concrete and

tangible result." State Street Bank & Trust Co. v. Signature Fin. Group, Inc., 149 F.3d 1368, 1375, 47 USPQ2d 1596, 1602 (Fed. Cir. 1998), cert. denied, 525 U.S. 1093, 142 L.Ed.2d 704, 119 S.Ct. 851 (1999) ("For purpose of our analysis, as noted above, claim 1 is directed to a machine programmed with the Hub and Spoke software and admittedly produces a 'useful, concrete, and tangible result.'...This renders it statutory subject matter, even if the useful result is expressed in numbers, such as price, profit, percentage, cost, or loss."); AT & T Corp., 172 F.3d at 1361 ("[T]he focus is understood to be not on whether there is a mathematical algorithm at work, but on whether the algorithm-containing invention, as a whole, produces a tangible, useful result."). See also, State Street Bank, 149 F.3d at 1373 ("In Alappat, we held that data, transformed by a machine through a series of mathematical calculations to produce a smooth waveform display on a rasterizer monitor, constituted a practical application of an abstract idea...because it produced 'a useful, concrete and tangible result' -- the smooth waveform"); State Street Bank, 149 F.3d at 1373 ("in Arrhythmia Research Technology Inc. ..., we held that the transformation of electrocardiograph signals from a patient's heartbeat by a machine through a series of mathematical calculations constituted a practical application of an abstract idea...because it corresponded to a useful, concrete and tangible thing -- the condition of a patient's heart" (citations omitted)).

It is noted that the threshold for utility is not high – an invention is "useful" under §101 if it is capable of providing some identifiable benefit. Juicy Whip Inc. v. Orange Bang Inc., 185 F.3d 1364, 1367, 51 USPQ2d 1700, 1703 (Fed. Cir. 1999). This is to be contrasted with an invention which "is useful only in the sense that it may be an object of scientific

research." Brenner v. Manson, 383 U.S. 519, 532 (1966). The invention must have "substantial utility", in other words a "specific benefit" which "exists in currently available form." Id. at 534 – 35.

While other criteria, if satisfied, may be useful in indicating the presence of a "useful, concrete and tangible result" (and therefore indicate that a claim is directed to statutory subject matter), the absence of such criteria does not preclude a finding of statutory subject matter. The "ultimate issue" always has been whether a claim as a whole is drawn to statutory subject matter. See, AT & T Corp., 172 F.3d at 1359. Such other criteria are not requirements, but merely some of several ways that can demonstrate that an invention produces a useful, concrete and tangible result.

For example, the reciting of physical limitations may be helpful, but not necessary to render a claim statutory. AT & T Corp., 172 F.3d at 1359 ("Whatever may be left of the earlier test, if anything, this type of physical limitations analysis seems of little value…"). Even where a claim incorporates a mathematical algorithm, in contrast to focusing on a physical limitations inquiry, the inquiry deemed the "ultimate issue" "focuses on whether the mathematical algorithm is applied in a practical manner to produce a useful result." AT & T Corp., 172 F.3d at 1359 – 60.

In another example, a physical transformation by a claimed process is one example (but not a requirement) of how a mathematical algorithm may bring about a useful application. AT & T Corp., 172 F.3d at 1357. See also, Diamond v. Diehr, 450 U.S. 175, 192, 67 L.Ed.2d 155, 169, 101 S.Ct. 1048, 1059 – 60 (1981) (the "e.g." signal denotes that physical transformation is an example, not an exclusive requirement for satisfying §101); Arrhythmia

Research Tech., 958 F.2d 1053, 1060, 22 USPQ2d 1033, 1039 (Fed. Cir. 1992) (the transformation simply confirmed that Arrhythmia's method claims satisfied §101 because the method produced a number which had specific meaning – a useful, concrete, tangible result – not a mathematical abstraction).

Certain features are not helpful to the proper analysis, and have no bearing on the presence of statutory subject matter. For example, whether a result of a claim is expressed in numbers makes no difference. State Street Bank, 149 F.3d at 1374, ("[E]ven if the useful result is expressed in numbers, such as price, profit, percentage, cost or loss," the invention that produces that useful result is statutory); Arrhythmia, 958 F.2d at 1060 ("That the product is numerical is not a criterion of whether the claim is directed to statutory subject matter.").

When a mathematical algorithm included within a claimed process is "applied to produce a number which had specific meaning – a useful, concrete, tangible result – not a mathematical abstraction", that process claim satisfies §101. AT & T Corp., 172 F.3d at 1357, (citing Arrhythmia, 958 F.2d at 1060). Under the proper standard, claims have been found statutory because they produced useful results such as "a final share price", State Street Bank, 149 F. 3d at 1373; a "value of a PIC indicator" which represents "information about the call recipient's PIC", AT & T Corp., 172 F.3d at 1357; and a condition of a patient's heart, Arrhythmia, 958 F.2d at 1060.

In discussing the proper legal test, the Court of Appeals for the Federal Circuit has also acknowledged the judicially-created exceptions to statutory subject matter. See, e.g., AT & T Corp., 172 F.3d at 1355 ("[The

Supreme Court] has specifically identified three categories of unpatentable subject matter: 'laws of nature, natural phenomena, and abstract ideas.'" (quoting Diamond v. Diehr, 450 U.S. at 185)); State Street Bank, 149 F.3d at 1373. The Court also clarified that "certain types of mathematical subject matter, standing alone, represent nothing more than abstract ideas until reduced to some type of practical application, i.e., 'a useful, concrete and tangible result.'" State Street Bank, 149 F.3d at 1373. Clearly, a claimed invention that satisfies this proper standard for statutory subject matter (e.g., by producing a useful, concrete and tangible result) cannot, by definition, also fall within one of the judicially-created exceptions to statutory subject matter (e.g., abstract ideas).

1.5.3. Claim 1 Meets the Proper Legal Standard Under Section 101

Claim **1** produces a useful, concrete and tangible result, is therefore limited to a practical application, and the rejection of claim **1** for lack of statutory subject matter cannot stand.

Briefly, claim **1** includes the limitation of *charging a price of a benefit to a customer of a transaction*. As explained in Section 1.2 and the Specification of the present application, this feature produces a useful, concrete and tangible result – a price of a benefit being charged to a customer is likely to result in the customer remembering and using the benefit and may reduce and / or offset any costs of providing the benefit to the entity providing the benefit.

Moreover, the scope of claim **1** as presented encompasses a variety of specific implementations of the claimed process. Certain of these embodiments implicate the use of devices (such as computers or data

processing devices) in the processes. These "device-based" species clearly fall within the broader generic definition of the claimed processes. Given that utility for a genus may be established through recitation of utility of a species within that genus, a determination that the generically claimed process of claim **1** lacks utility is clearly improper.

1.5.4. The Examiner's Reasons Cannot Support a Rejection Under Section 101

Appellants understand that the rejection of claim **1** for failure to be directed to statutory subject matter to be based on the following proposed legal standard: For a claimed process to be statutory, the process must include a limitation in the technological arts by reciting interaction of a physical structure.

The Examiner's proposed novel legal test for statutory subject matter cannot support a rejection under §101.

First, as discussed in Section 1.6.4 above, claim **1** does produce a useful, concrete and tangible result, as that standard is applied by the Federal Circuit.

Second, the Examiner incorrectly argues that a claim may not cover an embodiment which can be performed mentally. Its inclusion as a basis for rejection is nothing less than an attempt to resurrect an invalidated legal theory.

That a claimed process might read on a mentally performed embodiment does not render a claim non-statutory. "The inclusion in a patent of a claim to a process that may be performed by a person, but that is also capable of being performed by a machine, is not fatal to patentability."

Diamond v. Diehr, 450 U.S. 175, 67 L.Ed.2d 155, 101 S.Ct. 1048 (1981). Further, the mere fact that some or all of the steps of a method "may be carried out in or with the aid of the human mind" does not render a sequence of operational steps non-statutory under 35 U.S.C. §101. In re Musgrave, 431 F.2d 882, 57 C.C.P.A. 1352 (C.C.P.A. 1970). The court in Musgrave rejected the Examiner's reasoning that the claims were non-statutory because they "include no physical steps but set for the merely a method for processing data which does not require any tangible device or apparatus to carry out the method and hence could be carried out mentally." Musgrave, 431 F.2d at 886. See also, In re Prater, 415 F.2d 1378, 56 C.C.P.A. 1376 (C.C.P.A. 1968) ("patent protection for a process disclosed as being a sequence or combination of steps, capable of performance without human intervention...is not precluded by the mere fact that the process could alternatively be carried out by mental steps.").

Further, the Examiner appears to be inappropriately mingling the §101 statutory rejection with a mental process rejection. Such a mingling of these two distinct rejection has been explicitly rejected by the United States Court of Customs and Patent Appeals (the predecessor to the Federal Circuit, "CCPA" herein): "the language which the examiner has quoted [in support of a §101 rejection] was written [by the CCPA] in answer to 'mental steps' rejections and was not intended to create a generalized definition of statutory subject matter. Moreover, it was not intended to form a basis for a new §101 rejection as the examiner apparently suggests." In Re Toma, 575 F.2d 872, 197 USPQ 852 (CCPA 1978). The Federal Circuit has recently reiterated the status of the long-discarded "mental steps" doctrine, albeit in an unpublished opinion: "[t]he existence of mental steps in the claims or

specification of a patent do not, in and of themselves, invalidate the patent." Musco Corp. v. Qualite Inc., 106 F.3d 427 (Fed. Cir. 1997) (unpublished).

It is a misunderstanding of Federal Circuit case law to contend that process claims lacking physical limitations are not patentable subject matter. "Since the claims at issue in this case are directed to a process in the first instance, a structural inquire is unnecessary." AT & T Corp., 172 F.3d at 1359. Further, it is well settled that one need not claim in a patent every device required to enable the invention to be used. See, e.g., Asyst Technologies, Inc., v. Empak, Inc., 268 F.3d 1364 (Fed. Cir. 2001).

The Examiner's type of analysis may derive from a prior test for statutory subject matter which has since been discredited. AT & T Corp., 172 F.3d at 1359 ("Whatever may be left of the earlier test, if anything, this type of physical limitations analysis seems of little value..."). This type of physical limitations analysis is of little value under §101 because "the mere fact that a claimed invention involves inputting numbers, calculating numbers, outputting numbers, and storing numbers, in and of itself, would not render it non-statutory subject matter, unless, of course, its operation does not produce a 'useful, concrete and tangible result.'" AT & T Corp., 172 F.3d at 1359.

Finally, it is clear that, in the past as well as today, many types of inventions are patentable even though they do not involve any type interaction with a physical structure (e.g., manual chemical processes).

1.5.5. The Examiner's Standard is an Arbitrary and Capricious Change in PTO Policy

The Examiner's proposed "physical structure" test is a radical departure from the PTO's prior application of the law in a §101 analysis and is therefore arbitrary and capricious. "Under the Administrative Procedure Act (APA), a court may set aside agency action found to be 'arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law.' 5 U.S.C. §706(2)(A). ...agency action is arbitrary and capricious if it departs from agency precedent without explanation." Ramaprakash v. FAA, 346 F.3d 1121 (D.C. Circuit 2003). The PTO is governed by the APA. In re Lee, 277 F.3d 1338 (Fed. Cir. 2002); Dickinson v. Zurko, 527 U.S. 150, 50 USPQ2d 1930 (1999).

"Agencies are free to change course as their expertise and experience may suggest or require, but when they do so they must provide a 'reasoned analysis indicating that prior policies and standards are being deliberately changed, not casually ignored.'" Ramaprakash v. FAA , quoting Greater Boston Television Corp. v. FCC, 444 F.2d 841, 852 (D.C. Cir. 1993). "An agency's failure to come to grips with conflicting precedent constitutes 'an inexcusable departure from the essential requirement of reasoned decision making.'" Ramaprakash v. FAA, quoting Columbia Broad. Sys. v. FCC, 454 F.2d 1018, 1027 (D.C. Cir. 1971). Although the APA does not require agency officials to reach similarly or interpret regulations identically in every case, it does prohibit an agency from adopting significantly inconsistent policies that result in the reaction of conflicting lines of precedent governing the identical situation. Davila-Bardalez v. INS, 27 F.3d 1 (1st Cir. 1994). In other words, an agency must follow its own precedent.

If an agency departs from its own precedent, it must articulate reasons for the change in policy or reasons why a conclusion that departs from the agency's precedent is being reached in a particular case.

At least since the Federal Circuit decision in State Street Bank, 149 F.3d 1368 (Fed. Cir. 1998) to the present time, the PTO has regularly and properly allowed patents to issue which include method claims that do not recite any computer or computer component. A quick search of any patent database reveals the undeniable truth of this statement. Appellants have received numerous patents from the PTO in which no requirement that an allowed method claim include a recitation of interaction with a physical structure had been instituted. Accordingly, the application to the present case of the "physical structure" requirement to reject, as non-statutory under §101 for failure to fall within the technological arts is an arbitrary and capricious agency action. The Examiner has not provided any explanation or reasoning articulating the reasons for the change in policy or why a new and different policy is being applied to the present case.

Further, an agency's "duty to explain a departure from precedent is not discharged" by the agency's reliance on a few of the agency's recent decisions. Hatch v. FERC, 654 F.2d 825, 834 (D.C. Cir. 1981). See also, Pittsburgh Press Co. v. NLRB, 977 F.2d 652, 660 (D.C. Cir. 1992) ("We do not think it enough to say that this latest decision is consistent with the general drift of NLRB precedent, as it is that very drift that troubles us."). Accordingly, even if the Examiner and / or the PTO had begun to apply the new "physical structure" test in some applications before Appellants present application, this fact would not discharge the PTO's duty to articulate reasons for the change in PTO policy as applied in the present case.

As the D.C. Circuit has observed, "'the core concern underlying the prohibition of arbitrary and capricious agency action' is that agency 'ad hocery' is impermissible." Ramaprakash v. FAA, quoting Pacific N.W. Newspaper Guild, Local 82 v. NLRB, 877 F.2d 998, 1003 (D.C. Cir. 1989). "'When an agency departs from established precedent without reasoned explanation, its decision will be vacated as arbitrary and capricious.'" Ramaprakash v. FAA, quoting ANR Pipeline Co. v. FERC, 71 F.3d 897, 901 (D.C. Cir. 1995).

For the reasons stated above, the application of the "physical structure" test which requires that a method claim recite limitation of interaction with a physical structure in order to be statutory under §101, when no such requirement was imposed in hundreds of prior patents issued since the State Street Bank decision and no reasoned explanation for the change in policy has been provided, is an arbitrary and capricious agency action and should be vacated.

SEPARATE ARGUMENTS OF PATENTABILITY

2. Group II

Group II includes independent claims **59, 63 and 64** as well as dependent claims **60 - 62**. The §103(a) rejection of the claims of Group II is flawed because the Examiner has not made a *prima facie* case of unpatentability of any claim of Group II. Specifically, the Examiner has not shown that each of the claim limitations is taught or suggested by the prior art. Further, the Examiner has not provided any proper motivation to modify or combine the references in a manner that renders the claims of Group II obvious.

Further, no claim of Group II can be deemed obvious in light of the references of record, alone or in any combination, because the cited references, alone or in any combination, cannot be interpreted in a manner that would disclose or suggest the limitations of any pending claim.

Further still, the §101 rejection of the claims of Group II is flawed because the basis for the rejection is unsupported by any statute, regulation, or court opinion and is counter to agency precedent.

2.1. Independent Claims 59, 63 and 64

Independent Claim **59** is directed to a method for conducting a transaction. In accordance with the method at least one product being purchased by a customer during a first transaction is determined. A price for the at least one product being purchased during the first transaction is determined. The customer is offered an opportunity to purchase the at least one product during a second transaction at the price. An acceptance of the

offer and a payment for the opportunity are received from the customer. The customer is allowed to purchase the product during a second transaction for the price.

Claim **63** is directed to a method for conducting a transaction. In accordance with the method, at least one product being purchased by a customer during a first transaction is determined. A price for the at least one product being purchased during the first transaction is also determined. A benefit is provided to the customer during the first transaction. The benefit allows the customer to purchase the at least one product during a second transaction at the price. The customer is charged for a cost of the benefit. The customer is allowed to purchase the product during a second transaction for the price.

Claim **64** is directed to a method for conducting a transaction that is substantially similar to the method of claim **63**, except that a customer is charged for a second price, the second price being a price of the benefit, rather than a cost of the benefit. As in claim **64**, the benefit allows the customer purchasing at least one product during a first transaction to purchase the at least one product during a second transaction at the first price that the product is being purchased for during the first transaction.

For brevity, the discussion below refers to independent method claim **59**, but the arguments are likewise applicable to independent claims **63 and 64** and dependent claim **60 - 62**.

2.2. Advantages of Independent Claim 59

The embodiment of Claim **59** provides advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination.

In general, the method of claim **59** is advantageous in that it provides for *charging a customer for a price of a benefit*. This is advantageous for the reasons discussed in Section 1.2 above.

The method of claim **59** is further advantageous in that it provides for *providing to a customer an opportunity or benefit that allows the customer to purchase a product during a second transaction for the same price the customer is purchasing the product for during a first transaction*. This is advantageous at least because it allows the customer to purchase protection against a price increase in the price of the product. Thus, for example, if a customer is purchasing a product that is currently on sale (i.e., being sold at a discounted price), the customer may pay to ensure that the customer will be able to purchase the product at the discounted price during a future transaction even if the product is no longer on sale.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

2.3. No Prima Facie Showing of Unpatentability of the Claims of Group II

A reading of the rejections of the claims of the Group reveals that the Examiner has consistently ignored or misinterpreted the limitations of the claims. Several limitations are not disclosed or suggested by the references of record. Accordingly, the Examiner has not presented a *prima facie* case of obviousness of any claim of the Group.

2.3.1. No showing that the references suggest *charging a price of a benefit to a customer of a transaction*

As discussed in Section 1.3.1, the Examiner has not shown that the claim limitation of *charging a price of a benefit to a customer of a transaction* is taught or suggested by any reference of record.

2.3.2. No showing that the references suggest providing to a customer an opportunity or benefit that allows the customer to purchase a product during a second transaction for the same price the customer is purchasing the product for during a first transaction

The Examiner has not shown that the references, alone or in combination, suggest *providing to a customer an opportunity or benefit that allows the customer to purchase a product during a second transaction for the same price the customer is purchasing the product for during a first transaction.*

The Examiner has pointed to paragraphs [0013] through [0015], [0020] through [0024], [0037] through [0039] and [0063], as well as

the Abstract, of Williams as allegedly teaching this claim feature. Final Office Action (Paper No. 7), bottom of page 8 through the top of page 9. However, a reading of these sections, as well as the remainder, of Williams reveals no such teaching. The passages referred to by the Examiner merely describe that a benefit may be offered to a customer, describe the benefits that may be offered, and describe that the customer may redeem the benefit. None of the described benefits, however, *allow a customer to purchase a product during a second transaction for the same price the customer is purchasing the product for during a first transaction.*

The only benefits described in Williams are "a discount on the purchase price of a specified item when that item is purchased" and "a discount contingent upon the present or future purchase of another product." [0022]. Such a benefit is in no way *a benefit that allows a customer to purchase a product during a second transaction for the price the customer is purchasing the product for during the first transaction.* For example, assuming a customer is purchasing a product for $3.50, a benefit entitling the customer to a discount of, e.g., 10% or $0.50, merely entitles the customer to have the amount of the discount deducted from the price of the product during a current or future purchase of the product. However, the customer has no control over or guarantees regarding what the price of the product will be during the future transaction (since the retailer may raise the price of the product at will).

Thus, in summary, the Examiner has not even addressed the limitations of the claims of the Group, much less shown that the references, alone or in combination, suggest *providing to a customer an opportunity or*

benefit that allows the customer to purchase a product during a second transaction for the same price the customer is purchasing the product for during a first transaction. The Examiner has merely addressed that Williams describes outputting a benefit, without at all addressing the particular benefit claimed.

2.3.3. No showing of a proper motivation to combine or modify the references

As discussed in Section 1.3.2, the Examiner has not provided any proper motivation to modify Williams such that it includes *charging a price of a benefit to a customer of a transaction*, or in any other manner that renders the claims of Group II obvious. Further, the Examiner has not shown any motivation in the prior art of record to modify any other reference in a manner that renders the claim of Group II obvious.

2.4. The Claims of Group II are Allowable Over the Cited References

As described above, the Examiner has failed to provide a *prima facie* showing of obviousness. In addition, the references cannot be combined in any manner that would render the claims of the Group obvious.

2.4.1. The references do not suggest charging a price of a benefit to a customer of a transaction.

As discussed in Section 1.4.1, none of the references, alone or in combination, teach or suggest *charging a price of a benefit to a customer of a transaction*.

2.4.2. The references do not suggest *providing to a customer an opportunity or benefit that allows the customer to purchase a product during a second transaction for the same price the customer is purchasing the product for during a first transaction.*

Despite the assertions in the Office Actions, none of the references, alone or in combination, teach or suggest *providing to a customer an opportunity or benefit that allows the customer to purchase a product during a second transaction for the same price the customer is purchasing the product for during a first transaction.*

As discussed above in Section 2.3.2, the only benefits described in Williams are "a discount on the purchase price of a specified item when that item is purchased" and "a discount contingent upon the present or future purchase of another product." [0022]. Such a benefit is in no way *a benefit that allows a customer to purchase a product during a second transaction for the price the customer is purchasing the product for during the first transaction.* The benefits described in Williams do not allow the customer to purchase a product for *any* particular price, since they are merely a discount off whatever the price of the product happens to be when the customer purchases it. The benefits described in Williams certainly do not allow a customer to purchase a product during a second transaction for the same price the customer is purchasing the product for during a first transaction. Further, the amounts of the discounts provided as benefits in Williams are not in *any* way tied to a price of a product the customer is purchasing in a first transaction. Accordingly, the price the customer pays when applying the discount is not in any way tied to a price of a product the

customer paid during a previous transaction in which the customer obtained the discount.

In conclusion, the Examiner has not set forth a *prima facie* case of obviousness of the claims of Group II, none of the references (alone or in combination) disclose or suggest the limitations of the claims of Group II, and none of the references (alone or in combination) possess the advantages conferred by those limitations, as discussed in detail above in Section 2.2 "Advantages of Independent Claim **59**". Accordingly, for at least those reasons, the claims of Group II are patentable in view of the cited references.

2.4.3. No Motivation to Modify or Combine the References Exists in the Record

As discussed in Section 1.4.2 above, no motivation to modify Williams or any other reference such that the claims are rendered obvious exists in the record. None of the references suggest the desirability of allowing a customer to obtain protection against a price increase for a product such that a customer is allowed to purchase a second unit of a product in a second transaction for the same price the customer purchased the first unit of the product in a first transaction.

2.5. The Claims of Group II are Directed to Statutory Subject Matter

The Examiner's rejection of the claims of Group II is flawed because the Examiner has not made out a *prima facie* case of unpatentability of any claim of Group II. Specifically, the Examiner has not shown that any claim of Group II can be deemed to be directed to non-statutory subject matter.

The Examiner's rejection of the claims of Group II is further flawed because it has no basis in the law. The Examiner's rejection is further flawed because it is an arbitrary and capricious change in agency policy, with no reasoned explanation being provided for the change in policy.

Further, the claims of Group II are directed to statutory subject matter because they meet the definitive test for statutory subject matter: the claims produce a useful, concrete and tangible result. In addition to the useful, concrete and tangible result of the claims of Group I, the claims of Group II produce the useful, concrete and tangible result of *providing to a customer an opportunity or benefit that allows the customer to purchase a product during a second transaction for the same price the customer is purchasing the product for during a first transaction* and are thus directed to statutory subject matter.

2.5.1. Appellants' Understanding of the Standard Used by Examiner

The claims of Group II stand rejected by the Examiner under 35 U.S.C. 101 "because the claimed method for conducting a transaction does not recite a limitaion [sic] in the technological arts." Final Office Action (Paper No. 7), page 2. The Examiner asserts that the claim steps are non-statutory because they fail to recite interaction with a physical structure, the proposed standard discussed in Section 1.5.1 above.

2.5.2. The Proper Legal Standard Under Section 101: Useful, Concrete and Tangible Result

Whether a patent claim is directed to statutory subject matter under 35 U.S.C. §101 is a question of law. AT & T Corp., 172 F.3d 1352 at 1355. As discussed above in Section 1.5.2, the proper legal test for the presence of statutory subject matter is only that a claimed process or apparatus provide a "useful, concrete, and tangible result."

2.5.3. Claim 59 of Meets the Proper Legal Standard

Claim **59** recites at least the same useful, concrete and tangible result as claim **1**: *charging a price of a benefit to a customer of a transaction*. As discussed above in Section 1.5.3, this is a useful, concrete and tangible result at least because it allows an entity providing the benefit to recoup and / or offset any costs of providing the benefit. Claim 59 further recites the useful, concrete and tangible result of *providing to a customer an opportunity or benefit that allows the customer to purchase a product during a second transaction for the same price the customer is purchasing the product for during a first transaction*. This is useful, concrete and tangible at least because it is an output of an opportunity which, if taken advantage of, allows a customer to protect himself against price increases for a product.

Moreover, the scope of claim **59** as presented encompasses a variety of specific implementations of the claimed process. Certain of these embodiments implicate the use of devices (such as computers or data processing devices) in the processes. These "device-based" species clearly fall within the broader generic definition of the claimed processes. Given

that utility for a genus may be established through a recitation of utility of a species within that genus, a determination that the generically claimed process of claim **59** lacks utility is clearly improper.

2.5.4. The Examiner's Reasons Cannot Support a Rejection Under Section 101

The Examiner relies on the same reasons (discussed in Section 1.5.4 above) in rejection claim **59** as were relied on in the rejection of claim **1**. The Examiner's reasons for the rejection of claim **59** are based on an incorrect legal standard, as discussed in Section 1.5.4 and Section 1.5.5. Since claim **59** satisfies the correct legal standard, the rejection should be reversed.

For all of the above reasons, the proper legal standard for statutory subject matter was not applied to claim **59**, which is directed to statutory subject matter.

2.5.5. The Examiner's Standard is an Arbitrary and Capricious Change in PTO Policy

As discussed in Section 1.5.5 above, the application of the "physical structure" test which requires that a method claim recite interaction with a physical structure in order to be statutory under §101, when no such requirement was imposed in hundreds of prior patents and no reasoned explanation for the change in policy has been provided, is an arbitrary and capricious agency action and should be vacated.

SEPARATE ARGUMENTS OF PATENTABILITY

3. Group III

Group III includes independent claim **81** and dependent claims **82 and 83**. The §103(a) rejection of the claim of Group III is flawed because the Examiner has not made a *prima facie* case of unpatentability of the claim. Specifically, the Examiner has not shown that each of the claim limitations is taught or suggested by the prior art. Further, the Examiner has not provided a proper motivation to combine the references in the manner suggested.

Further, the claims of Group III cannot be deemed obvious in light of the references of record, alone or in any combination, because the cited references, alone or in any combination, cannot be interpreted in a manner that would disclose or suggest the limitations of the claims.

Further still, the §101 rejection of the claims of Group III is flawed because the basis for the rejection is unsupported by any statute, regulation, or court opinion and is counter to agency precedent.

3.1. Independent Claim 81

Independent claim **81** is directed to a method for conducting a transaction. In accordance with the method, a first price for which a first unit of a product is being purchased as part of a first transaction at a point of sale terminal is determined. A benefit is also determined. The benefit comprises a guarantee that no more than the first price for a second unit of the product will be charged if the second unit of the product is purchased as part of a second transaction. An offer to sell the benefit for a second price is

output at the point of sale terminal. The customer that is purchasing the first unit of the product I charged for the second price if the customer accepts the offer.

For brevity, the discussion below refers to independent method claim **81**, but the arguments are likewise applicable to dependent claims **82 and 83**.

3.2. Advantages of Independent Claim 81

The embodiment of Claim **81** provides advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination.

In general, the method of claim **81** is advantageous in that it provides for *charging a price of a benefit to a customer of a transaction*. This is advantageous for the reasons discussed in Section 1.2 above.

The method of claim **81** is further advantageous in that it provides for *a benefit that comprises a guarantee that no more than the first price for which a first unit of a product is being purchased as part of a first transaction will be charged for a second unit of the product if the second unit of the product is purchased during a second transaction*. This feature is advantageous in that it allows a customer to purchase protection against a price increase for a product while maintaining the ability to take advantage of a price decrease for the product.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

3.3. No Prima Facie Showing of Unpatentability of the Claims of Group III

A reading of the rejections of the claim of the Group reveals that the Examiner has consistently ignored or misinterpreted the limitations of the claims. Several limitations are not disclosed or suggested by the references of record. Accordingly, the Examiner has not presented a *prima facie* case of obviousness of the claims of the Group.

3.3.1. No showing that the references suggest *charging a price of a benefit to a customer of a transaction*

As discussed in Section 1.3.1, the Examiner has not shown that any of the reference of record teaches or suggests, or can be modified to teach or suggest, the claim limitation of *charging a price of a benefit to a customer of a transaction.*

3.3.2. No showing that the references suggest *a benefit that comprises a guarantee that no more than the first price for which a first unit of a product is being purchased as part of a first transaction will be charged for a second unit of the product if the second unit of the product is purchased during a second transaction*

The Examiner has not even addressed this claim limitation, much less shown that the claim limitation is taught or suggested by any reference of record. The Examiner has simply rejected claim **81** on the same grounds as claim **1**, without at all acknowledging that

claim **81** includes the limitation of *a benefit that comprises a guarantee that no more than the first price for which a first unit of a product is being purchased as part of a first transaction will be charged for a second unit of the product if the second unit of the product is purchased during a second transaction*, which is a claim limitation not included in claim **1**. Final Office Action (Paper No. 7), page 3.

Further, none of the passages, nor the remainder, of Williams relied on by the Examiner in the rejection of claim **1** and **81** even address a guarantee of any price or purchase total, much less the narrower claim limitation of *a guarantee that no more than the first price for which a first unit of a product is being purchased as part of a first transaction will be charged for a second unit of the product if the second unit of the product is purchased during a second transaction.*

Thus, in summary, the Examiner has not even addressed the limitations of the claims of the Group, much less shown that the references, alone or in combination, suggest *a benefit that comprises a guarantee that no more than the first price for which a first unit of a product is being purchased as part of a first transaction will be charged for a second unit of the product if the second unit of the product is purchased during a second transaction.*

3.3.2. No showing of a proper motivation to modify the reference

As discussed in detail in Section 1.3.2, the Examiner has not shown any proper motivation to modify Williams in the manner proposed by the

Examiner, or in any other manner that renders the claims of Group III obvious. Further, the Examiner has not shown any motivation in the prior art of record to modify any other reference in a manner that renders the claims of Group III obvious.

3.4. The Claim of Group III is Allowable Over the Cited References

As described above, the Examiner has failed to provide a *prima facie* showing of obviousness. In addition, the references cannot be combined in any manner that would render the claim of the Group obvious.

3.4.1. The references do not suggest ***charging a price of a benefit to a customer of a transaction***

As discussed above in Section 1.4.1, none of the references, alone or in combination, teach or suggest *charging a price of a benefit to a customer of a transaction.*

3.4.2. The references do not suggest ***a benefit that comprises a guarantee that no more than the first price for which a first unit of a product is being purchased as part of a first transaction will be charged for a second unit of the product if the second unit of the product is purchased during a second transaction***

Despite the assertions in the Office Action, none of the references of record, alone or in combination, teach or suggest a benefit that comprises a guarantee of any price, much less a *guarantee* of a maximum price, much

less the narrower claim limitation of *a benefit that comprises a guarantee that no more than the first price for which a first unit of a product is being purchased as part of a first transaction will be charged for a second unit of the product if the second unit of the product is purchased during a second transaction.*

As discussed above in Section 1.4.2, Williams describes a benefit that is a discount off a price of a product. However, the benefit described in Williams in no way *guarantees* any price to the customer receiving the benefit. A retailer may raise the price of a product that is the subject of a discount freely and the discount merely entitled the customer to a particular discount off whatever price the retailer is charging for the product when the customer redeems the discount. There is no limit on how high a retailer may raise a price for a product in Williams. There is thus no limit on how much a customer may have to pay in order to purchase the product during a second transaction.

In conclusion, the Examiner has not set forth a *prima facie* case of obviousness of the claim of Group III, none of the references (alone or in combination) disclose or suggest the limitations of the claim of Group III, and none of the references (alone or in combination) possess the advantages conferred by those limitations, as discussed in detail above in Section 3.2 "Advantages of Independent Claim **81**". Accordingly, for at least those reasons, the claim of Group III is patentable in view of the cited references.

3.4.3. There is no motivation to modify or combine the references

There is simply no motivation in any reference of record to suggest the desirability of modifying Williams in any manner that renders the claims of Group III obvious. None of the references suggest the desirability of charging a price of a benefit to a customer. Further, none of the references suggest the desirability of allowing a customer to pay the same price for a product in a second transaction as the customer paid for the product during a first transaction. Rather, the references address providing a discount to customers, which is a distinct concept. Mindrum, in particular, cannot be modified to include a guarantee of a price for a second unit of a product since Mindrum does not even address discounts for multiple units of the same product over the course of more than one transaction. Rather, Mindrum explicitly teaches that the discount provided is for a product different from the product that triggered the output of the discount. Abstract.

In conclusion, the Examiner has not set forth a *prima facie* case of obviousness of the claims of Group III, none of the references (alone or in combination) disclose or suggest the limitations of the claim of Group III, and none of the references (alone or in combination) possess the advantages conferred by those limitations, as discussed in detail above in Section 3.2 "Advantages of Dependent Claim **81**". Accordingly, for at least those reasons, the claim of Group III is patentable in view of the cited references.

3.5. The Claims of Group III are Directed to Statutory Subject Matter

The Examiner's §101 rejection of the claims of Group III is flawed because the Examiner has not made out a *prima facie* case of unpatentability of any claim of Group III. Specifically, the Examiner has not shown that any claim of Group III can be deemed to be directed to non-statutory subject matter. The Examiner's rejection of the claims of Group III is further flawed because it has no basis in the law. The Examiner's rejection is further flawed because it is an arbitrary and capricious change in agency policy, with no reasoned explanation being provided for the change in policy.

Further, the claims of Group III are directed to statutory subject matter because they meet the definitive test for statutory subject matter: the claims produce a useful, concrete and tangible result. In addition to the useful, concrete and tangible result of the claims of Group I, the claims of Group III produce the useful, concrete and tangible result of *a benefit that comprises a guarantee that no more than the first price for which a first unit of a product is being purchased as part of a first transaction will be charged for a second unit of the product if the second unit of the product is purchased during a second transaction* and are thus directed to statutory subject matter.

3.5.1. Appellants' Understanding of the Standard Used by Examiner

The claims of Group III stand rejected by the Examiner under 35 U.S.C. 101 "because the claimed method for conducting a transaction does not recite a limitaion [sic] in the technological arts." Final Office Action (Paper No. 7), page 2. The Examiner asserts that the claim steps are non-

statutory because they fail to recite interaction with a physical structure, the proposed standard discussed in Section 1.5.1 above.

3.5.2. The Proper Legal Standard Under Section 101: Useful, Concrete and Tangible Result

Whether a patent claim is directed to statutory subject matter under 35 U.S.C. §101 is a question of law. AT & T Corp., 172 F.3d 1352 at 1355. As discussed above in Section 1.5.2, the proper legal test for the presence of statutory subject matter is only that a claimed process or apparatus provide a "useful, concrete, and tangible result."

3.5.3. Claim 81 of Meets the Proper Legal Standard

Claim **81** recites at least the same useful, concrete and tangible result as claim **1**: *charging a price of a benefit to a customer of a transaction.* As discussed above in Section 1.5.3, this is a useful, concrete and tangible result at least because it allows an entity providing the benefit to recoup and / or offset any costs of providing the benefit. Claim **81** further recites the useful, concrete and tangible result of *outputting an offer to sell a benefit that comprises a guarantee that no more than the first price for which a first unit of a product is being purchased as part of a first transaction will be charged for a second unit of the product if the second unit of the product is purchased during a second transaction.* This is useful, concrete and tangible because it is an output of an offer which, if accepted, allows a customer to purchase protection against a price increase for a product while maintaining the ability to take advantage of any price decrease for the product.

Moreover, the scope of claim **81** as presented encompasses a variety of specific implementations of the claimed process. Certain of these embodiments implicate the use of devices (such as computers or data processing devices) in the processes. These "device-based" species clearly fall within the broader generic definition of the claimed processes. Given that utility for a genus may be established through a recitation of utility of a species within that genus, a determination that the generically claimed process of claim **81** lacks utility is clearly improper.

3.5.4. The Examiner's Reasons Cannot Support a Rejection Under Section 101

The Examiner relies on the same reasons (discussed in Section 1.5.4 above) in rejection claim **81** as were relied on in the rejection of claim **1**. The Examiner's reasons for the rejection of claim **81** are based on an incorrect legal standard, as discussed in Section 1.5.4 and Section 1.5.5. Since claim **81** satisfies the correct legal standard, the rejection should be reversed.

For all of the above reasons, the proper legal standard for statutory subject matter was not applied to claim **81**, which is directed to statutory subject matter.

3.5.5. The Examiner's Standard is an Arbitrary and Capricious Change in PTO Policy

As discussed in Section 1.5.5 above, the application of the "physical structure" test which requires that a method claim recite interaction with a

physical structure in order to be statutory under §101, when no such requirement was imposed in hundreds of prior patents and no reasoned explanation for the change in policy has been provided, is an arbitrary and capricious agency action and should be vacated.

SEPARATE ARGUMENTS OF PATENTABILITY

4. Group IV

Group IV includes dependent claim **84**. The §103(a) rejection of the claims of Group IV is flawed because the Examiner has not made a *prima facie* case of unpatentability of the claim of Group IV. Specifically, the Examiner has not shown that each of the claim limitations is taught or suggested by the prior art. Further, the Examiner has not provided a proper motivation to combine the references in the manner suggested.

Further, the claim of Group IV cannot be deemed obvious in light of the references of record, alone or in any combination, because the cited references, alone or in any combination, cannot be interpreted in a manner that would disclose or suggest the limitations of any pending claim.

Further still, the §101 rejection of the claim of Group IV is flawed because the basis for the rejection is unsupported by any statute, regulation, or court opinion and is counter to agency precedent.

4.1. Dependent Claim 84

Dependent claim **84** is dependent from claim **81** and is directed to a method for conducting a transaction. In addition to the steps described in Section 4.1 above with reference to claim **81**, the method of claim **84** comprises determining a current shelf price for the second unit of the product and charging the customer, for the second unit of the product, the lesser of the current shelf price and the first price.

4.2. Advantages of Dependent Claim 84

The embodiment of Claim **84** provides advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination.

In general, the method of claim **84** is advantageous in that it provides for *charging a price of a benefit to a customer of a transaction.* This is advantageous for the reasons discussed above in Section 1.2.

The method of claim **84** is further advantageous in that it provides for *a benefit that comprises a guarantee that no more than the first price for which a first unit of a product is being purchased as part of a first transaction will be charged for a second unit of the product if the second unit of the product is purchased during a second transaction.* This is advantageous for the reasons discussed above in Section 3.2.

The method of claim **84** is yet further advantageous in that it provides for *charging the customer, for the second unit of the product, the lesser of the current shelf price and the first price.* This is advantageous because it allows a customer to purchase protection against price increases for a product while simultaneously allowing the customer to take advantage of whatever discount in the price may be being offered to customers in general at the time the customer redeems the benefit.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

4.3. No Prima Facie Showing of Unpatentability of the Claim of Group IV

A reading of the rejections of the claim of the Group reveals that the Examiner has consistently ignored or misinterpreted the limitations of the claims. Several limitations are not disclosed or suggested by the references of record. Accordingly, the Examiner has not presented a *prima facie* case of obviousness of the claim of the Group.

4.3.1. No showing that the references suggest *charging a price of a benefit to a customer of a transaction*

As discussed above in Section 1.3.1, the Examiner has not shown that any of the references of record, alone or in combination, teach or suggest *charging a price of a benefit to a customer of a transaction*.

4.3.2. No showing that the references suggest *a benefit that comprises a guarantee that no more than the first price for which a first unit of a product is being purchased as part of a first transaction will be charged for a second unit of the product if the second unit of the product is purchased during a second transaction*

As discussed in Section 3.3.2 above, the Examiner has not shown that any of the references of record, alone or in combination, teach or suggest a benefit that comprises a guarantee of any price, much less the narrower limitation of *a benefit that comprises a guarantee that no more than the first price for which a first unit of a product is being purchased as part of a first*

transaction will be charged for a second unit of the product if the second unit of the product is purchased during a second transaction

4.3.3. No showing that the references suggest *charging the customer, for the second unit of the product, the lesser of the current shelf price and the first price*

The Examiner admits that Williams does not teach *charging the customer, for the second unit of the product, the lesser of the current shelf price and the first price.* Final Office Action (Paper No. 7), page 9. However, the Examiner goes on to assert that

> "[i]t would have been an obvious matter of design choice at the time the invention was made to modify Williams to include charging the customer for the second unit of the product the lesser of the current shelf price and the first price, because it appears that the claimed features do not distinguish the invention over similar features in the prior art, and the teachings of Williams would perform the invention as claimed by the applicant with the benefit being of any type." Final Office Action (Paper No. 7), page 9.

First, the Examiner is improperly using the doctrine of "obvious matter of design choice" as a basis for this rejection. As discussed in detail in Section 1.3.1, in order to establish that substituting a claim feature for a feature in the prior art would have been an obvious matter of design choice,

the Examiner must first establish that the claim feature and the feature in the prior art were recognized substitutes to one of ordinary skill in the art. In the present rejection, the Examiner has not even established that charging the customer, for a second unit of the product, the lesser of the current shelf price and the first price [that the customer paid for a first unit of the product] was known in the prior art at all, much less recognized as an equivalent substitute for a feature in Williams. In fact, the Examiner has not shown which feature, if any, of Williams this claim feature would be recognized as a substitute for.

Second, the essence of the basis for the Examiner's rejection is that allegedly, the claim feature can be combined with Williams without requiring any change in the manner in which Williams operates. This is incorrect. In order to charge the customer the lesser of the current shelf price and the first price, the current shelf price and first price must first be determined and a comparison thereof performed to determine which is less. A selection of the lesser of the two must then be performed. In fact, claim **84** includes the steps of determining the current shelf price and receiving a document from the customer that entitles the customer to be charged the first price (thus enabling the determination of the first price).

Williams is utterly devoid of determining more than one price for a product, comparing the prices, and charging the customer the lesser of the two prices. As discussed above in Sections 1.3.1 and 1.4.1, the only benefit described in Williams is a discount off a price of a product. Thus, a single price is determined and a discount off the price calculated based on the benefit. There is no comparison and selection of the lesser of anything in

Williams. Thus, the inclusion of the claimed feature would require a modification of Williams to include such steps.

Third, modifying Williams to include a feature of charging a customer the lesser of a retail price and the first price would necessitate reprogramming the Williams system to include the steps of determining the retail price, determining the first price, and determining which is the lesser of the two. As discussed in detail in Section 1.4.1 above, reprogramming Williams to perform these novel and unobvious steps would create a new system.

Fourth, the Examiner is improperly ignoring the claim limitation of *charging the customer, for the second unit of the product, the lesser of the current shelf price and the first price.* The Examiner has asserted that Williams would operate as taught, regardless of what type of benefit is used. Accordingly, the Examiner has given no patentable weight to the claim feature of *charging the customer, for the second unit of the product, the lesser of the current shelf price and the first price*. This is legal error. As the statute makes clear, under §103 the claim must be considered *as a whole*. This requires consideration of all claim limitations and it is legal error to excise claim limitations out of a claim when performing an obviousness determination. Graham v. John Deere Co., 383 U.S. 1 (U.S. Supreme Court, 1965); In re Gulack, 703 F.2d 1381 (Fed. Cir. 1983).

In summary, for all of the above reasons, the Examiner has not shown that either Williams or any other reference of record teaches or suggests, or can be modified or combined such that it teaches or suggests *charging the customer, for the second unit of the product, the lesser of the current shelf price and the first price.*

4.3.4. No showing of a proper motivation to combine the references

The Examiner simply has not shown a motivation in the prior art of record to modify Williams in the way suggested by the Examiner, or in any other manner that renders the claim of Group IV obvious.

As discussed in Section 1.3.2 above, the Examiner has not provided a proper motivation to modify Williams to include *charging a price of a benefit to a customer of a transaction*.

Similarly, the Examiner has not provided a proper motivation to modify Williams to include *charging the customer, for the second unit of the product, the lesser of the current shelf price and the first price.* The only assertion by the Examiner regarding a motivation to so modify Williams is the assertion quoted above in Section 4.3.3 ("because it appears that the claimed features do not distinguish the invention over similar features in the prior art, and the teachings of Williams would perform the invention as claimed by the applicant with the benefit being of any type"). This assertion is not a proper motivation to modify Williams.

First, the Examiner has not made any showing of why one of ordinary skill in the art, based on the prior art as a whole, would have been motivated to so modify Williams. For example, the Examiner has made no showing that the claimed feature would be recognized as an equivalent substitute for a feature of Williams, as discussed above in Section 4.3.3.

Second, the assertion is essentially an assertion that it would be obvious to modify Williams as suggested because Williams allegedly can be so modified. This is an improper reason in support of an obviousness rejection. As discussed in Section 1.3.2 above, the mere fact that a reference

can be modified or combined is not sufficient to establish a *prima facie* case of obviousness. The prior art as a whole must suggest the desirability of the claimed invention. The Examiner has made no showing that the prior art includes such a suggestion.

Thus the Examiner has not shown a motivation in the prior art of record to modify or combine the references in any manner that renders the claim of the Group obvious.

4.4. The Claim of Group IV is Allowable Over the Cited References

As described above, the Examiner has failed to provide a *prima facie* showing of obviousness. In addition, the references cannot be combined in any manner that would render the claim of the Group obvious.

4.4.1. The references do not suggest *charging a price of a benefit to a customer of a transaction*

Despite the assertions in the Final Office Action, as discussed in detail in Section 1.4.1 above, none of the references, alone or in combination, teach or suggest *charging a price of a benefit to a customer of a transaction.*

4.4.2. The references do not suggest *a benefit that comprises a guarantee that no more than the first price for which a first unit of a product is being purchased as part of a first transaction will be charged for a second unit of the product if the second unit of the product is purchased during a second transaction*

Despite the assertions in the Final Office Action, as discussed in detail in Section 3.4.2, none of the references, alone or in combination, teach or suggest *a benefit that comprises a guarantee that no more than the first price for which a first unit of a product is being purchased as part of a first transaction will be charged for a second unit of the product if the second unit of the product is purchased during a second transaction.*

4.4.3. The references do not suggest *charging the customer, for the second unit of the product, the lesser of the current shelf price and the first price*

Despite the assertions in the Final Office Action, the references, alone or in combination, do not teach or suggest *charging the customer, for the second unit of the product, the lesser of the current shelf price and the first price.*

Williams does not teach or suggest charging the customer the lesser of any two prices, much less the lesser of the current shelf price and the first price. Williams merely teaches applying a discount to a single price (i.e., there is no comparison of two prices, as is inherent in charging the lesser of two prices). Further, even if Williams were interpreted as charging the customer the lesser of the retail price and the retail price minus the discount

(which is not what Williams describes), this still would not anticipate or render obvious claim **84**. This is because the retail price minus the discount, which is what the retail price would be compared to in such an interpretation of Williams, is not the *first price*, as claimed. The *first price* is the price the customer paid for a first unit of the product during a first transaction. Williams does not teach or suggest the involvement of a price the customer paid for a first unit of the product when determining the price for a second unit of the product in any manner.

Mindrum and Walker, like Williams, also do not teach or suggest *charging the customer, for the second unit of the product, the lesser of the current shelf price and the first price.*

Mindrum teaches applying a discount to a current price of a product, similar to the teaching of Williams. Further, Mindrum explicitly describes that the benefit is a discount for a product other than the product that triggers the output of the benefit. See, for example, Abstract. Accordingly, Mindrum cannot be interpreted as teaching any benefit that applies to a second unit of the same product that was purchased in a first transaction.

Walker teaches charging a customer a price for a product in accordance with a subscription agreement. Walker does not describe any benefit that comprises a price that is in any manner based on a price in a previous transaction.

4.4.4. No motivation to modify the references exists in the record

As discussed in Section 3.4.4, no motivation exists in the record to modify Williams or any of the other references of record to include either the limitation of (i) *charging a price of a benefit to a customer of a*

transaction, or (ii) *a benefit that comprises a guarantee that no more than the first price for which a first unit of a product is being purchased as part of a first transaction will be charged for a second unit of the product if the second unit of the product is purchased during a second transaction*

Similarly, no motivation exists in the record for modifying Williams, or any other reference of record, to include the limitation of *charging the customer, for the second unit of the product, the lesser of the current shelf price and the first price.* None of the references suggest the desirability of involving the first price a customer pays for a first unit of a product for any purpose other than charging the customer for the first unit of the product, much less for purposes of charging the customer for a second unit of the product. As explained in Section 4.2 above, this feature allows a customer to purchase protection against price increases for a product while simultaneously retaining the ability to take advantage of any decrease in prices being offered for the product to customers in general. None of the references suggest the desirability of such a feature. Rather, each of the references merely address methods of providing discounts to customers.

In conclusion, the Examiner has not set forth a *prima facie* case of obviousness of the claim of Group IV, none of the references (alone or in combination) disclose or suggest the limitations of the claim of Group IV, and none of the references (alone or in combination) possess the advantages conferred by those limitations, as discussed in detail above in Section 4.2 "Advantages of Dependent Claim **84**". Accordingly, for at least those reasons, the claim of Group IV is patentable in view of the cited references.

4.5. The Claims of Group IV is Directed to Statutory Subject Matter

The Examiner's §101 rejection of the claim of Group IV is flawed because the Examiner has not made out a *prima facie* case of unpatentability of the claim of Group IV. Specifically, the Examiner has not shown that any claim of Group IV can be deemed to be directed to non-statutory subject matter. The Examiner's rejection of the claims of Group IV is further flawed because it has no basis in the law. The Examiner's rejection is further flawed because it is an arbitrary and capricious change in agency policy, with no reasoned explanation being provided for the change in policy.

Further, the claim of Group IV is directed to statutory subject matter because it meets the definitive test for statutory subject matter: the claim produces a useful, concrete and tangible result. In addition to the useful, concrete and tangible results of the claims of Group I and Group III, respectively, the claim of Group IV produces the useful, concrete and tangible result of *charging the customer, for the second unit of the product, the lesser of the current shelf price and the first price* and is thus directed to statutory subject matter.

4.5.1. Appellants' Understanding of the Standard Used by Examiner

The claim of Group IV stands rejected by the Examiner under 35 U.S.C. 101 "because the claimed method for conducting a transaction does not recite a limitaion [sic] in the technological arts." Final Office Action (Paper No. 7), page 2. The Examiner asserts that the claim steps are non-

statutory because they fail to recite interaction with a physical structure, the proposed standard discussed in Section 1.5.1 above.

4.5.2. The Proper Legal Standard Under Section 101: Useful, Concrete and Tangible Result

Whether a patent claim is directed to statutory subject matter under 35 U.S.C. §101 is a question of law. AT & T Corp., 172 F.3d 1352 at 1355. As discussed above in Section 1.5.2, the proper legal test for the presence of statutory subject matter is only that a claimed process or apparatus provide a "useful, concrete, and tangible result."

4.5.3. Claim 84 Meets the Proper Legal Standard

Claim **81** recites at least the same useful, concrete and tangible result as claim **1**: *charging a price of a benefit to a customer of a transaction.* As discussed above in Section 1.5.3, this is a useful, concrete and tangible result at least because it allows an entity providing the benefit to recoup and / or offset any costs of providing the benefit. Claim **84** further recites the useful, concrete and tangible result of *charging the customer, for the second unit of the product, the lesser of the current shelf price and the first price.* This is useful, concrete and tangible because it results in a customer being charged in a manner that protects the customer against any price increase for a product while at the same time allowing the customer to take advantage of any price decrease for the product that is being offered to customers in general.

Moreover, the scope of claim **84** as presented encompasses a variety of specific implementations of the claimed process. Certain of these embodiments implicate the use of devices (such as computers or data processing devices) in the processes. These "device-based" species clearly fall within the broader generic definition of the claimed processes. Given that utility for a genus may be established through a recitation of utility of a species within that genus, a determination that the generically claimed process of claim **84** lacks utility is clearly improper.

4.5.4. The Examiner's Reasons Cannot Support a Rejection Under Section 101

The Examiner relies on the same reasons (discussed in Section 1.5.4 above) in rejection claim **84** as were relied on in the rejection of claim **1**. The Examiner's reasons for the rejection of claim **84** are based on an incorrect legal standard, as discussed in Section 1.5.4 and Section 1.5.5. Since claim **84** satisfies the correct legal standard, the rejection should be reversed.

For all of the above reasons, the proper legal standard for statutory subject matter was not applied to claim **84**, which is directed to statutory subject matter.

4.5.5. The Examiner's Standard is an Arbitrary and Capricious Change in PTO Policy

As discussed in Section 1.5.5 above, the application of the "physical structure" test which requires that a method claim recite interaction with a

physical structure in order to be statutory under §101, when no such requirement was imposed in hundreds of prior patents and no reasoned explanation for the change in policy has been provided, is an arbitrary and capricious agency action and should be vacated.

SEPARATE ARGUMENTS OF PATENTABILITY

5. GROUP V

Group V includes independent claim **85**. The §103(a) rejection of the claim of Group V is flawed because the Examiner has not made a *prima facie* case of unpatentability of the claim of Group V. Specifically, the Examiner has not shown that each of the claim limitations is taught or suggested by the prior art. Further, the Examiner has not provided a proper motivation to combine the references in the manner suggested.

Further, the claim of Group V cannot be deemed obvious in light of the references of record, alone or in any combination, because the cited references, alone or in any combination, cannot be interpreted in a manner that would disclose or suggest the limitations of any pending claim.

Further still, the §101 rejection of the claim of Group V is flawed because the basis for the rejection is unsupported by any statute, regulation, or court opinion and is counter to agency precedent.

5.1. Independent Claims 85

Dependent claim **85** is directed to a method for conducting a transaction. In accordance with the method, a purchase total is determined for a first transaction being conducted at a point of sale terminal. The transaction includes a plurality of products. A benefit is determined. The benefit comprises a guarantee that an amount that is not greater than the purchase total will be charged for the plurality of products during a second transaction. An offer to sell the benefit for a price is output at the point of

sale terminal. The price is charged to a customer participating in the first transaction if the customer accepts the offer.

5.2. Advantages of Independent Claim 85

The embodiment of Claim **85** provides advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination.

In general, the method of claim **85** is advantageous in that it provides for *charging a price of a benefit to a customer of a transaction*. This is advantageous for the reasons discussed above in Section 1.2.

The method of claim **85** is further advantageous in that it provides for *a benefit that benefit comprises a guarantee that an amount that is not greater than the purchase total of a first transaction that includes a plurality of products will be charged for the plurality of products during a second transaction*. This is advantageous at least because it allows a retailer to modify or guide the purchasing behavior of a customer in that it encourages the customer to purchase the same products being purchased in a current transaction again in a future transaction in order to take advantage of the benefit. Thus, for example, a retailer may provide such a benefit to a customer who purchases a large number of products for a high purchase total in order to encourage the customer to return to the retailer and again purchase the same large number of products in the future. This claim feature is further advantageous to the customer because it allows a customer who regularly purchases certain products (e.g., grocery items) to purchase protection against price increases for each of the products.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

5.3. No Prima Facie Showing of Unpatentability of the Claim of Group V

A reading of the rejections of the claim of the Group reveals that the Examiner has consistently ignored or misinterpreted the limitations of the claim. Several limitations are not disclosed or suggested by the references of record. Accordingly, the Examiner has not presented a *prima facie* case of obviousness of the claim of the Group.

5.3.1. No showing that the references suggest *charging a price of a benefit to a customer of a transaction*

As discussed above in Section 1.3.1, the Examiner has not shown that any of the references of record, alone or in combination, teach or suggest *charging a price of a benefit to a customer of a transaction.*

5.3.2. No showing that the references suggest *a benefit that comprises a guarantee that an amount that is not greater than the purchase total of a first transaction that includes a plurality of products will be charged for the plurality of products during a second transaction*

The Examiner has not even addressed this claim limitation, much less shown that the claim limitation is taught or suggested by any reference of record. The Examiner has simply rejected claim **85** on the same grounds as claim **1**, without at all acknowledging that claim **85** includes the additional limitation of *a benefit that comprises a guarantee that an amount that is not greater than the purchase total of a first transaction that includes a plurality of products will be charged for the plurality of products during a second transaction.* Final Office Action (Paper No. 7), page 3.

Further, none of the passages, nor the remainder, of Williams relied on by the Examiner in the rejection of claim **1** and **85** even address a guarantee of any price or purchase total, much less the narrower claim limitation of *a guarantee that an amount that is not greater than the purchase total of a first transaction that includes a plurality of products will be charged for the plurality of products during a second transaction.*

Thus, in summary, the Examiner has not even addressed the limitations of the claims of the Group, much less shown that the references, alone or in combination, suggest *a benefit that comprises a guarantee that an amount that is not greater than the purchase total of a first transaction*

that includes a plurality of products will be charged for the plurality of products during a second transaction.

5.3.3. No showing of a proper motivation to combine the references

As discussed in Section 1.3.2 above, the Examiner simply has not shown a motivation in the prior art of record to modify Williams in the way suggested by the Examiner, or in any other manner that renders the claim of Group V obvious. Further, the Examiner has not shown any motivation in the prior art of record to modify any other reference in a manner that renders the claim of Group V obvious.

5.4. The Claims of Group V are Allowable Over the Cited References

As described above, the Examiner has failed to provide a *prima facie* showing of obviousness. In addition, the references cannot be combined in any manner that would render the claims of the Group obvious.

5.4.1. The references do not suggest *charging a price of a benefit to a customer of a transaction*

As discussed in detail in Section 1.4.1 above, despite the assertions in the Final Office Action, none of the references, alone or in combination, teach or suggest *charging a price of a benefit to a customer of a transaction.*

5.4.2. The references do not suggest *a benefit that comprises a guarantee that an amount that is not greater than the purchase total of a first*

transaction that includes a plurality of products will be charged for the plurality of products during a second transaction

Despite the assertions in the Final Office Action, none of the references of record, alone or in combination, teach or suggest a benefit that comprises a guarantee of any price, much less a guarantee of a maximum price, much less the narrower claim limitation of *a benefit that comprises a guarantee that an amount that is not greater than the purchase total of a first transaction that includes a plurality of products will be charged for the plurality of products during a second transaction.*

As discussed above in Section 1.4.2, Williams merely describes a benefit that is a discount off a price of a product. However, the benefit described in Williams in no way *guarantees* any price to the customer receiving the benefit. A retailer may raise the price of a product that is the subject of a discount freely and the discount merely entitled the customer to a particular discount off whatever price the retailer is charging for the product when the customer redeems the discount. There is no limit on how high a retailer may raise a price for a product in Williams. There is thus no limit on how much a customer may have to pay in order to purchase the product during a second transaction.

Further, the discount described in Williams does not apply to more than one product, much less to a purchase of the same plurality of products that are purchased in a first transaction.

Mindrum, like Williams, merely describes a discount off a price of a product and does not even hint at guaranteeing any price. Further, Mindrum explicitly describes that the benefit is a discount for a product *other than* the product that triggers the output of the discount. See, for example, Abstract.

Accordingly, Mindrum cannot be interpreted as teaching any benefit that applies to the same product, much less plurality of products, that are being purchased in a first transaction.

Walker does not describe any benefit that comprises a price or purchase total that is in any manner based on a price or purchase total in a previous transaction. Rather, Walker describes charging a price based on a subscription purchase agreement.

5.4.3. There is no motivation to modify or combine the references

There is simply no motivation in any reference of record to suggest the desirability of modifying Williams in any manner that renders the claims of Group V obvious. None of the references suggest the desirability of charging a price of a benefit to a customer. Further, none of the references suggest the desirability of allowing a customer to pay the same price for a product, much less a plurality of products, in a second transaction as the customer paid for the product during a first transaction. Rather, the references address providing discount to customers, which is a distinct concept.

In conclusion, the Examiner has not set forth a *prima facie* case of obviousness of the claim of Group V, none of the references (alone or in combination) disclose or suggest the limitations of the claim of Group V, and none of the references (alone or in combination) possess the advantages conferred by those limitations, as discussed in detail above in Section 5.2 "Advantages of Independent Claim **85**". Accordingly, for at least those reasons, the claims of Group V are patentable in view of the cited references.

5.5. The Claim of Group V is Directed to Statutory Subject Matter

The Examiner's §101 rejection of the claim of Group V is flawed because the Examiner has not made out a *prima facie* case of unpatentability of the claim of Group V. Specifically, the Examiner has not shown that the claim of Group V can be deemed to be directed to non-statutory subject matter. The Examiner's rejection of the claim of Group V is further flawed because it has no basis in the law. The Examiner's rejection is further flawed because it is an arbitrary and capricious change in agency policy, with no reasoned explanation being provided for the change in policy.

Further, the claim of Group V is directed to statutory subject matter because it meets the definitive test for statutory subject matter: the claim produces a useful, concrete and tangible result. In addition to the useful, concrete and tangible results of the claims of Group I, the claim of Group V produces the useful, concrete and tangible result of *outputting an offer for, and charging a customer for, a benefit that comprises a guarantee that an amount that is not greater than the purchase total of a first transaction that includes a plurality of products will be charged for the plurality of products during a second transaction* and are thus directed to statutory subject matter.

5.5.1. Appellants' Understanding of the Standard Used by Examiner

The claim of Group V stands rejected by the Examiner under 35 U.S.C. 101 "because the claimed method for conducting a transaction does not recite a limitaion [sic] in the technological arts." Final Office Action (Paper No. 7), page 2. The Examiner asserts that the claim steps are non-

statutory because they fail to recite interaction with a physical structure, the proposed standard discussed in Section 1.5.1 above.

5.5.2. The Proper Legal Standard Under Section 101: Useful, Concrete and Tangible Result

Whether a patent claim is directed to statutory subject matter under 35 U.S.C. §101 is a question of law. AT & T Corp., 172 F.3d 1352 at 1355. As discussed above in Section 1.5.2, the proper legal test for the presence of statutory subject matter is only that a claimed process or apparatus provide a "useful, concrete, and tangible result."

5.5.3. Claim 84 of Meets the Proper Legal Standard

Claim **85** recites at least the same useful, concrete and tangible result as claim **1**: *charging a price of a benefit to a customer of a transaction.* As discussed above in Section 1.5.3, this is a useful, concrete and tangible result at least because it allows an entity providing the benefit to recoup and / or offset any costs of providing the benefit. Claim **85** further recites the useful, concrete and tangible result of *outputting an offer to sell, and charging a customer for, a benefit that comprises a guarantee that an amount that is not greater than the purchase total of a first transaction that includes a plurality of products will be charged for the plurality of products during a second transaction.* This is useful, concrete and tangible because it allows a customer to obtain protection against price increases for a plurality of products that, for example, the customer typically purchases as a group.

Moreover, the scope of claim **85** as presented encompasses a variety of specific implementations of the claimed process. Certain of these embodiments implicate the use of devices (such as computers or data processing devices) in the processes. These "device-based" species clearly fall within the broader generic definition of the claimed processes. Given that utility for a genus may be established through a recitation of utility of a species within that genus, a determination that the generically claimed process of claim **85** lacks utility is clearly improper.

5.5.4. The Examiner's Reasons Cannot Support a Rejection Under Section 101

The Examiner relies on the same reasons (discussed in Section 1.5.4 above) in rejection claim **85** as were relied on in the rejection of claim **1**. The Examiner's reasons for the rejection of claim **85** are based on an incorrect legal standard, as discussed in Section 1.5.4 and Section 1.5.5. Since claim **85** satisfies the correct legal standard, the rejection should be reversed.

For all of the above reasons, the proper legal standard for statutory subject matter was not applied to claim **85**, which is directed to statutory subject matter.

5.5.5. The Examiner's Standard is an Arbitrary and Capricious Change in PTO Policy

As discussed in Section 1.5.5 above, the application of the "physical structure" test which requires that a method claim recite interaction with a

physical structure in order to be statutory under §101, when no such requirement was imposed in hundreds of prior patents and no reasoned explanation for the change in policy has been provided, is an arbitrary and capricious agency action and should be vacated.

SEPARATE ARGUMENTS OF PATENTABILITY

6. Group VI

Group VI includes independent claim **86** and dependent claim **87**. The §103(a) rejection of the claims of Group VI is flawed because the Examiner has not made a *prima facie* case of unpatentability of the claims of Group VI. Specifically, the Examiner has not shown that each of the claim limitations is taught or suggested by the prior art. Further, the Examiner has not provided a proper motivation to combine the references in the manner suggested.

Further, the claims of Group VI cannot be deemed obvious in light of the references of record, alone or in any combination, because the cited references, alone or in any combination, cannot be interpreted in a manner that would disclose or suggest the limitations of any pending claim.

6.1. Independent Claim 86

Independent claim **86** is directed to a method for conducting a transaction. In accordance with the method a purchase total is determined for a first transaction being conducted at a point of sale terminal. An amount of savings received by a customer participating in the transaction is also determined. A benefit is also determined. The benefit comprises a guarantee that no less than the savings will be received by the customer during a second transaction. An offer to sell the benefit for a price is output at the point of sale terminal. The price is charged to the customer if the customer accepts the offer.

For brevity, the discussion below is limited to independent claim **86**. The arguments, however, apply equally to dependent claim **87**.

6.2. Advantages of Independent Claim 86

The embodiment of claim **86** provides advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination.

In general, the method of claim **86** is advantageous in that it provides for *charging a price of a benefit to a customer of a transaction*. This is advantageous for the reasons discussed above in Section 1.2.

The method of claim **86** is further advantageous in that it provides for *outputting an offer for, and charging a customer for, a benefit that comprises a guarantee that no less than the savings received by a customer participating in a first transaction will be received by the customer during a second transaction*. This is advantageous at least because it allows a customer to receive a customized savings amount that is set based on an amount of savings already realized by the customer in a transaction. Thus, a customer who is satisfied with an amount of savings realized in a transaction may accept an offer to obtain a guarantee of that amount of savings in a future transaction. A customer who obtains such a guarantee is likely to return to the retailer to use the guarantee because the customer has already experienced the enjoyment of the customized savings amount in a previous transaction and the amount of savings does not appear as theoretical as it otherwise would.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible

and would be apparent to those of skill in the art based on the Appellants' disclosure.

6.3. No Prima Facie Showing of Unpatentability of the Claims of Group VI

A reading of the rejections of the claims of the Group reveals that the Examiner has consistently ignored or misinterpreted the limitations of the claims. Several limitations are not disclosed or suggested by the references of record. Accordingly, the Examiner has not presented a *prima facie* case of obviousness of the claims of the Group.

6.3.1. No showing that the references suggest *charging a price of a benefit to a customer of a transaction*

As discussed in detail in Section 1.3.1 above, the Examiner has not shown that any of the references, alone or in combination, teach or suggest *charging a price of a benefit to a customer of a transaction.*

6.3.2. No showing that the references suggest *a benefit that comprises a guarantee that no less than the savings received by a customer participating in a first transaction will be received by the customer during a second transaction*

The Examiner has not even addressed this claim limitation, much less shown that the claim limitation is taught or suggested by any reference of record. The Examiner has simply rejected claim **86** on the same grounds as claim **1**, without at all acknowledging that claim **86** includes the additional

limitation of *a benefit that comprises a guarantee that no less than the savings received by a customer participating in a first transaction will be received by the customer during a second transaction.* Final Office Action (Paper No. 7), page 3.

Further, none of the passages, nor the remainder, of Williams relied on by the Examiner in the rejection of claim **1** and **86** even address a guarantee that anything received by a customer in a first transaction will be received by the customer in a second transaction, much less the narrower claim limitation of *a benefit that comprises a guarantee that no less than the savings received by a customer participating in a first transaction will be received by the customer during a second transaction.* Each of these passages, as well as the remainder, of Williams merely describe that a discount may be provided to a customer. However, the discount is for a predetermined amount stored in memory. While Williams describes that a customer's actions may qualify the customer to receive a discount, Williams does not describe or even hint that the *amount of the discount* is in any manner defined by the first transaction, much less that the discount amount is equal to a discount realized by the customer in the first transaction. The *amount of the discount* in Williams is not determined based on any information in the first transaction. Rather, the discount in Williams is for a predetermined amount stored in, and retrieved from, a memory if the customer qualifies to receive the discount. See, for example, [0020], [0022], [0033] and [0036].

Further still, none of the passages, nor the remainder, of Williams relied upon by the Examiner teaches or suggests a *minimum* amount of savings or a minimum discount.

Thus, in summary, the Examiner has not even addressed the limitations of the claims of the Group, much less shown that the references, alone or in combination, suggest *a benefit that comprises a guarantee that no less than the savings received by a customer participating in a first transaction will be received by the customer during a second transaction.*

6.3.3. No showing of a proper motivation to combine the references

As described above in Section 1.3.2, the Examiner simply has not shown a motivation in the prior art of record to modify Williams, in the way suggested by the Examiner, or in any other manner that renders the claims of Group VI obvious. Further, the Examiner has not shown any motivation in the prior art of record to modify any other reference in a manner that renders the claims of Group VI obvious.

6.4. The Claims of Group VI are Allowable Over the Cited References

As described above, the Examiner has failed to provide a *prima facie* showing of obviousness. In addition, the references cannot be combined in any manner that would render the claims of the Group obvious.

6.4.1. The references do not suggest *charging a price of a benefit to a customer of a transaction*

Despite the assertions in the Final Office Action, and as discussed in detail in Section 1.4.1 above, none of the references, alone or in

combination, teach or suggest *charging a price of a benefit to a customer of a transaction.*

6.4.2. The references do not suggest *a benefit that comprises a guarantee that no less than the savings received by a customer participating in a first transaction will be received by the customer during a second transaction*

As discussed in Section 6.3.2, Williams describes providing a discount of a predetermined amount to a customer who qualifies for the discount (e.g., by making a purchase of a predetermined product or a minimum purchase total). Abstract, [0020] and [0021]. However, Williams is completely devoid of any description that the amount of the discount is in any manner defined by any information in a first transaction, much less equal to an amount of savings realized by the customer in the first transaction. In fact, Williams does not at all describe what the amount of the discount may be.

Further, the discount amount in Williams cannot be equal to the amount of savings realized by the customer in the first transaction since the discount amount is predetermined by a sponsor of the discount and pre-stored in a memory of the Williams system before a customer ever qualifies for the discount. [0012]. Thus, the amount of the discount is not customized in Williams based on an amount of a discount provided in a first transaction, as it is in the embodiment of claim **86**. Williams does not enable a determination of a customized amount of savings or a customized amount of a discount based on anything, much less based on an amount of savings or an amount of a discount received by a customer in a first transaction.

Further, Williams does not describe or suggest that a benefit may be a guarantee of a *minimum* discount amount, as it is in the embodiment of claim **86**. Williams is completely devoid of any description that a benefit may define a minimum discount, rather than a predetermined and specific discount amount.

Mindrum, like Williams, merely described providing a discount to a customer. The discount in Mindrum, like in Williams, is for a predetermined amount that is predetermined before a customer ever qualifies for the discount. See, for example, Col. 2, lines 17 – 29. The amount of the discount is not in any manner defined by an amount of a discount received by a customer in a first transaction. Further, and also like in Williams, Mindrum merely describes a discount of a specific amount, not a guarantee of a *minimum* discount.

Walker also does not describe anything being guaranteed to a customer that is based on a previous transaction of a customer, much less a minimum amount of savings that is an amount of savings realized by the customer in a first transaction.

In conclusion, the Examiner has not set forth a *prima facie* case of obviousness of the claims of Group VI, none of the references (alone or in combination) disclose or suggest the limitations of the claims of Group VI, and none of the references (alone or in combination) possess the advantages conferred by those limitations, as discussed in detail above in Section 6.2 "Advantages of Dependent Claim **86**". Accordingly, for at least those reasons, the claims of Group VI are patentable in view of the cited references.

6.4.3. No Motivation to Modify or Combine the References Exists in the Record

There is simply no motivation in the record to combine any of the references, alone or in combination, to include a feature of *a benefit that comprises a guarantee that no less than the savings received by a customer participating in a first transaction will be received by the customer during a second transaction*. None of the references suggest the desirability of providing the same amount of savings in more than one transaction, much less a guarantee of a minimum amount of savings.

6.5. The Claims of Group VI are Directed to Statutory Subject Matter

The Examiner's §101 rejection of the claims of Group VI is flawed because the Examiner has not made out a *prima facie* case of unpatentability of the claim of Group VI. Specifically, the Examiner has not shown that any claim of Group VI can be deemed to be directed to non-statutory subject matter. The Examiner's rejection of the claims of Group VI is further flawed because it has no basis in the law. The Examiner's rejection is further flawed because it is an arbitrary and capricious change in agency policy, with no reasoned explanation being provided for the change in policy.

Further, the claims of Group VI are directed to statutory subject matter because they meet the definitive test for statutory subject matter: the claims produce a useful, concrete and tangible result. In addition to the useful, concrete and tangible results of the claims of Group I, the claims of Group VI produce the useful, concrete and tangible result of *a benefit that*

comprises a guarantee that no less than the savings received by a customer participating in a first transaction will be received by the customer during a second transaction and are thus directed to statutory subject matter.

6.5.1. Appellants' Understanding of the Standard Used by Examiner

The claims of Group VI stand rejected by the Examiner under 35 U.S.C. 101 "because the claimed method for conducting a transaction does not recite a limitaion [sic] in the technological arts." Final Office Action (Paper No. 7), page 2. The Examiner asserts that the claim steps are non-statutory because they fail to recite interaction with a physical structure, the proposed standard discussed in Section 1.5.1 above.

6.5.2. The Proper Legal Standard Under Section 101: Useful, Concrete and Tangible Result

Whether a patent claim is directed to statutory subject matter under 35 U.S.C. §101 is a question of law. AT & T Corp., 172 F.3d 1352 at 1355. As discussed above in Section 1.5.2, the proper legal test for the presence of statutory subject matter is only that a claimed process or apparatus provide a "useful, concrete, and tangible result."

6.5.3. Claim 86 of Meets the Proper Legal Standard

Claim **86** recites at least the same useful, concrete and tangible result as claim **1**: *charging a price of a benefit to a customer of a transaction*. As discussed above in Section 1.5.3, this is a useful, concrete and tangible result

at least because it allows an entity providing the benefit to recoup and / or offset any costs of providing the benefit. Claim **86** further recites the useful, concrete and tangible result of *offering to sell, and charging a customer for, a benefit that comprises a guarantee that no less than the savings received by a customer participating in a first transaction will be received by the customer during a second transaction.* This is useful, concrete and tangible because it allows a customer who realizes a satisfactory amount of savings in a transaction to obtain a guarantee of that amount as a minimum amount of savings in a future transaction, thus providing the customer with a concrete reason to return to the retailer.

Moreover, the scope of claim **86** as presented encompasses a variety of specific implementations of the claimed process. Certain of these embodiments implicate the use of devices (such as computers or data processing devices) in the processes. These "device-based" species clearly fall within the broader generic definition of the claimed processes. Given that utility for a genus may be established through a recitation of utility of a species within that genus, a determination that the generically claimed process of claim **86** lacks utility is clearly improper.

6.5.4. The Examiner's Reasons Cannot Support a Rejection Under Section 101

The Examiner relies on the same reasons (discussed in Section 1.5.4 above) in rejection claim **86** as were relied on in the rejection of claim **1**. The Examiner's reasons for the rejection of claim **86** are based on an incorrect legal standard, as discussed in Section 1.5.4 and Section 1.5.5.

Since claim **86** satisfies the correct legal standard, the rejection should be reversed.

For all of the above reasons, the proper legal standard for statutory subject matter was not applied to claim **86**, which is directed to statutory subject matter.

6.5.5. The Examiner's Standard is an Arbitrary and Capricious Change in PTO Policy

As discussed in Section 1.5.5 above, the application of the "physical structure" test which requires that a method claim recite interaction with a physical structure in order to be statutory under §101, when no such requirement was imposed in hundreds of prior patents and no reasoned explanation for the change in policy has been provided, is an arbitrary and capricious agency action and should be vacated.

CONCLUSION

Thus, the Examiner's rejection of the pending claims are is improper at least because the all pending claims are directed to statutory subject matter. In addition, the references, alone or in combination, do not disclose or suggest all the limitations of any claim. In addition, in the obviousness rejections the Examiner has improperly combined the references because there is no adequate reasoning or support in the prior art for making the proposed modifications. Therefore, Appellants respectfully request that the Examiner's rejections be reversed.

If any issues remain, or if there are any further suggestions for expediting allowance of the present application, please contact Magdalena M. Fincham using the information provided below.

Appellants hereby request any extension of time that may be required to make this Appeal Brief timely. Please charge any fees that may be required for this paper, or credit any overpayment, to Deposit Account No. 50-0271.

Respectfully submitted,

July 08, 2003
Date

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APPENDIX A

CLAIMS INVOLVED IN THE APPEAL

1. A method for conducting a transaction, comprising:

receiving information relating to a first transaction;

determining a benefit, said benefit based at least in part on said information;

determining a price for said benefit;

charging the price to a customer associated with the first transaction; and

applying said benefit during a second transaction.

2. The method of claim 1, further comprising at least one of the following:

retrieving benefit information;

offering said benefit for sale at said price;

receiving an indication of a purchase of said benefit; and

receiving an indication of the customer's agreement to purchase said benefit.

3. The method of claim 1, further comprising at least one of the following:

determining an available subsidy;

receiving a subsidy amount; and

determining a margin between a price and a subsidy amount.

4. The method of claim 1, further comprising:

verifying usability of said benefit during said second transaction.

5. The method of claim 1, further comprising at least one of the following:

providing an indication of said benefit;

providing an indication of said price;

receiving an acceptance of said benefit; and

imposing a penalty if a customer does not complete a specific future transaction.

6. The method of claim 1, further comprising at least one of the following:

establishing a condition on said benefit;

determining a condition associated with said benefit; and

providing an indication of a condition associated with said benefit.

7. The method of claim 1, further comprising at least one of the following:

receiving an indication of a receiver of said benefit;

canceling said benefit;

changing said benefit; and

redeeming said benefit.

8. The method of claim 1, further comprising at least one of the following:

receiving a customer identifier;

receiving a group identifier;

receiving a customer device identifier;

receiving a payment identifier;

receiving a retailer identifier;

receiving a benefit identifier;

receiving a service identifier; and

receiving a product identifier.

9. The method of claim 1, further comprising at least one of the following:

redeeming a previously determined benefit;

receiving a request to redeem said benefit; and

aggregating said benefit with a previously determined benefit.

10. The method of claim 1, further comprising at least one of the following:

receiving an indication of a use of said benefit;

reducing said benefit if said benefit is not used within a designated time period;

receiving an indication of at least one person to whom said benefit is to be provided;

providing said benefit; and

arranging for said benefit to be provided.

11. The method of claim 1, wherein said determining a benefit further comprises:

providing a list of at least two benefits.

12. The method of claim 11, wherein said determining a benefit further comprises:

receiving an indication of a selection of one of said at least two benefits.

13. The method of claim 1, wherein said price comprises at least one of the following:

a monetary amount;

a non-monetary amount;

a commitment from the customer to complete a designated qualifying action;

an agreement by the customer to complete a future transaction;

an agreement by the customer to purchase a product or service during said transaction;

an agreement by the customer to purchase a product or service at a designated retailer;

an agreement by the customer to purchase a product or service by a specific date;

an agreement by the customer to purchase a product or service within a specific period of time;

an agreement by the customer to accept a cross subsidy; and

an agreement by the customer to use a designated financial account during a future transaction.

14. The method of claim 1, further comprising:
associating a qualifying action with said benefit.

15. The method of claim 14, wherein said qualifying action comprises at least one of the following:
a requirement that the customer purchase at least one of an identified product;
a requirement that the customer purchase at least one of an identified service;
a requirement that the customer complete a future transaction at a designated retailer;
a requirement that the customer complete a future transaction by a designated time; and
a requirement that the customer conduct a specific future transaction.

16. The method of claim 14, further comprising:
receiving an indication of a completion of said qualifying action.

17. The method of claim 16, further comprising:
providing said benefit after receiving said indication.

18. The method of claim 1, wherein said transaction information includes at least one of the following:

a customer identifier;

a group identifier;

a benefit identifier;

a customer device identifier;

preference information for the customer;

credit history of the customer;

characteristics of the customer;

information regarding the customer's brand loyalty;

information regarding the customer's brand indifference;

a retailer device identifier;

a product identifier;

a service identifier;

an amount of change due the customer as a result of said transaction;

product quantity information;

a price for a product; and

a price for a service.

19. The method of claim 1, wherein said benefit includes at least one of the following:

a discount off a purchase of at least one product;

a discount off a purchase of at least one service;

a discount off a purchase of a collection of products;

a discount off a purchase of a collection of services;

a monetary amount dependent at least in part on when said benefit is redeemed;

a monetary amount dependent at least in part on where said benefit is redeemed;

a monetary amount dependent at least in part on who redeems said benefit;

a monetary amount dependent at least in part on how said benefit is redeemed;

a monetary amount dependent at least in part on a financial account used to redeem said benefit;

a non-monetary amount dependent at least in part on when said benefit is redeemed;

a non-monetary amount dependent at least in part on where said benefit is redeemed;

a non-monetary amount dependent at least in part on who redeems said benefit;

a non-monetary amount dependent at least in part on how said benefit is redeemed;

a non-monetary amount dependent at least in part on a financial account used to redeem said benefit;

a discount off any purchase made at a designated retailer;

a rebate;

a guarantee of a maximum price for a product;

a guarantee of a maximum price for a service;

a guarantee of a maximum total price for a collection of products;

a guarantee of a maximum total price for a collection of services;

a guarantee of a price for a product purchased during a second transaction;

a guarantee of a price for a service purchased during a second transaction;

a guarantee of a total price for a collection of products purchased during a second transaction;

a guarantee of a total price for a collection of services purchased during a second transaction;

a multiplier of a previously determined benefit; and

an aggregator of at least two previously provided benefits.

20. The method of claim 1, wherein said information relating to the first transaction is received by at least one of the following:

the customer;

a customer device;

a controller;

a retailer; and

a retailer device.

21. The method of claim 1, wherein said information relating to the first transaction is received from at least one of the following:

the customer;

a customer device;

a controller;

a retailer; and

a retailer device.

22. The method of claim 1, wherein said price is based at least in part on at least some of said information relating to said first transaction.

23. The method of claim 1, wherein said benefit is based at least in part on at least one of the following:

a customer identifier;

a group identifier;

a benefit identifier;

preference information for the customer;

credit history of the customer;

a characteristic of the customer;

customer demographic information;

a history of the customer at a retailer;

information regarding the customer's brand loyalty;

information regarding the customer's brand indifference;

a product;

a service;

a previously determined benefit;

a previously determined but unredeemed benefit;

a previously determined price for a previously determined benefit;

a total of a plurality of previously determined benefits;

a quantity of a product in inventory;

a subsidy amount;

brand-loyalty of the customer;

brand-indifference of the customer;

an amount of change due a customer as a result of said transaction;

product quantity information;

a price for a collection of products;

a price for a collection of services;

a price for a product; and

a price for a service.

24. The method of claim 1, further comprising:

providing a receipt to the customer.

25. The method of claim 24, wherein said receipt includes at least one of the following:

a customer identifier;

a benefit identifier;

a group identifier;

a transaction identifier;

a product identifier;

a service identifier;

a payment identifier;

a retailer identifier;

a code indicative of said benefit;

indicia indicative of said benefit;

indicia indicative of a condition associated with said benefit;

indicia indicative of a qualifying action associated with said benefit;

a code indicative of said price;

indicia indicative of said price;

said price;

said benefit; and

at least part of said information relating to said first transaction.

26. The method of claim 1, wherein said benefit is transferable.

27. The method of claim 1, wherein said benefit can be shared by a plurality of people.

28. The method of claim 1, wherein said benefit cannot be applied during said first transaction.

30. A method for conducting a transaction, comprising:

receiving transaction information;

determining a benefit and a qualifying action associated with said benefit, said benefit based at least in part on said transaction information;

determining a price for said benefit;

selling said benefit at said price to a customer associated with the transaction information; and

applying said benefit during a future transaction.

31. The method of claim 30, further comprising:

verifying usability of said benefit during said future transaction.

32. The method of claim 30, further comprising at least one of the following:

providing an indication of said benefit;

providing an indication of said price;

receiving an acceptance of said benefit; and

imposing a penalty if the customer does not complete a specific transaction.

33. The method of claim 30, further comprising at least one of the following:

determining an available subsidy;

receiving a subsidy amount; and

determining a margin between a price and a subsidy amount.

34. The method of claim 30, further comprising at least one of the following:

providing an indication of said benefit;

providing an indication of said price;

receiving an acceptance of said benefit; and

imposing a penalty if a customer does not complete a specific transaction.

35. The method of claim 30, further comprising at least one of the following:

establishing a condition on said benefit;

determining a condition associated with said benefit; and

providing an indication of a condition associated with said benefit.

36. The method of claim 30, further comprising at least one of the following:

receiving an indication of a receiver of said benefit;

canceling said benefit;

changing said benefit; and

redeeming said benefit.

37. The method of claim 30, further comprising at least one of the following:

receiving a customer identifier;

receiving a benefit identifier;

receiving a group identifier;

receiving a customer device identifier;

receiving a payment identifier;

receiving a retailer identifier;

receiving a service identifier; and

receiving a product identifier.

38. The method of claim 30, further comprising at least one of the following:

redeeming a previously determined benefit;

receiving a request to redeem said benefit;

providing said benefit; and

arranging for said benefit to be provided.

39. The method of claim 30, further comprising at least one of the following:

reducing said benefit if said benefit is not used within a designated time period; and

aggregating said benefit with a previously provided benefit.

40. The method of claim 30, further comprising at least one of the following:

receiving an indication of at least one person to whom said benefit is to be provided;

receiving an indication of a use of said benefit; and

providing a list of at least two benefits.

41. The method of claim 30, wherein said qualifying action comprises at least one of the following:

a requirement that the customer purchase at least one of an identified product;

a requirement that the customer purchase at least one of an identified service;

a requirement that the customer complete a future transaction at a designated retailer;

a requirement that the customer complete a future transaction by a designated time; and

a requirement that the customer conduct a specific future transaction.

42. The method of claim 30, further comprising:
receiving an indication of a completion of said qualifying action.

43. The method of claim 42, further comprising:
providing said benefit after receiving said indication.

44. The method of claim 42, further comprising:
arranging for said benefit to be provided after receiving said indication.

45. The method of claim 30, wherein said benefit can be shared by a plurality of people.

46. The method of claim 30, wherein said benefit can only be applied during a future transaction.

47. A method for conducting a transaction, comprising:

conducting a transaction for a purchase of a first service;

determining a benefit during said transaction, said benefit associated with a future purchase of a second service and having an associated price;

providing, to a customer associated with the transaction, said benefit at said price during said transaction, thereby charging the price to the customer; and

applying said benefit during said future purchase.

48. The method of claim 47, wherein said second service is substantially similar to said first service.

49. A method for conducting a transaction, comprising:

conducting a transaction for a purchase of a first product;

determining a benefit during said transaction, said benefit associated with a future purchase of a second product and having an associated price;

providing, to a customer associated with the transaction, said benefit at said price during said transaction, thereby charging the price to the customer; and

applying said benefit during said future purchase.

50. The method of claim 49, wherein said second product is substantially similar to said first product.

51. A method for conducting a transaction, comprising:

receiving information relating to a first transaction;

determining a benefit, said benefit based at least in part on said information and having an associated price;

providing, to a customer associated with the first transaction, said benefit at said price during said first transaction, thereby charging the price to the customer; and

applying said benefit during a second transaction, wherein said benefit is applicable by the customer during said second transaction only if said customer has completed a qualifying action associated with said benefit.

52. A method for conducting a transaction, comprising:

receiving information relating to a first transaction;

determining a benefit, said benefit based at least in part on said information and having an associated price;

selling, to a customer associated with the first transaction, said benefit at said price during said first transaction, thereby charging the price to the customer; and

applying said benefit during a second transaction, wherein said benefit is applicable by the customer during said second transaction only if at least one of a designated product or service is purchased during said second transaction.

53. A method for conducting a transaction, comprising:

receiving information associated with a first transaction;

establishing a benefit having a first price;

selling, to a customer associated with the first transaction, said benefit for said first price during said first transaction, thereby charging the first price to the customer; and

applying said benefit during a second transaction.

54. A method for conducting a transaction, comprising:

providing information relating to at least one transaction;

receiving an indication of a benefit;

receiving an indication of a price for said benefit;

purchasing said benefit at said price; and

using said benefit during a later transaction.

55. The method of claim 54, further comprising at least one of the following:

providing an indication of an agreement to purchase said benefit at said price;

receiving an offer to purchase said benefit at said price;

providing an indication of a purchase of said benefit;

receiving said benefit;

providing said price;

providing a customer identifier;

providing a customer device identifier;

providing a payment identifier;

providing a retailer identifier;

providing a service identifier;

providing a product identifier;

providing a benefit identifier;

receiving an indication of a penalty;

redeeming said benefit;

designating a receiver of said benefit;

providing an indication of a receiver of said benefit;

receiving an indication of a condition associated with said benefit;

providing a request to redeem said benefit;

providing an indication of an agreement to accept a subsidy;

providing an indication of an agreement to conduct a future transaction;

providing an indication of an agreement to use a designated financial account during a future transaction;

providing an indication of a commitment to complete a designated qualifying action;

providing an indication of an agreement to purchase a product or service at a designated retailer;

providing an indication of an agreement to purchase a product or service at by a specific date;

providing an indication of a use of said benefit;

providing an indication of at least one person to whom said benefit is to be provided;

providing an indication of an agreement to purchase a product or

service within a specific period of time; and

providing an indication of an agreement to purchase a product or service during said transaction.

56. A method for conducting a transaction, comprising:

receiving an indication of a benefit;

receiving an indication of a price for said benefit;

purchasing said benefit at said price during a first transaction; and

redeeming said benefit during a second transaction.

57. The method of claim 56, further comprising, comprising:

providing a benefit identifier during said second transaction.

59. A method for conducting a transaction, comprising:

determining at least one product being purchased by a customer during a first transaction;

determining a price for said at least one product being purchased during said first transaction;

offering said customer an opportunity to purchase said at least one product during a second transaction at said price;

receiving an acceptance of said offer from said customer;

receiving, from said customer, a payment for the opportunity; and

allowing said customer to purchase said product during said second transaction for said price.

60. The method of claim 59, further comprising:

providing said customer a benefit identifier associated with said at least one product.

61. The method of claim 60, further comprising:

receiving said benefit identifier during said second transaction.

62. The method of claim 61, further comprising:

determining a benefit based on said benefit identifier.

63. A method for conducting a transaction, comprising:

determining at least one product being purchased by a customer during a first transaction;

determining a price for said at least one product being purchased during said first transaction;

providing said customer a benefit during said first transaction, wherein said benefit allows said to purchase said at least one product during a second transaction at said price;

charging said customer for a cost of the benefit; and

allowing said customer to purchase said product during said second transaction for said price.

64. A method for conducting a transaction, comprising:

determining at least one product being purchased by a customer during a first transaction;

determining a first price for said at least one product being purchased during said first transaction;

providing said customer a benefit for a second price during said first transaction, wherein said benefit allows said to purchase said at least one product during a second transaction at said first price;

charging the second price for the benefit to the customer; and

allowing said customer to purchase said product during said second transaction for said first price.

81. A method comprising:

determining a first price for which a first unit of a product is being purchased as part of a first transaction at a point of sale terminal;

determining a benefit, in which the benefit comprises a guarantee that no more than the first price for a second unit of the product will be charged if the second unit of the product is purchased as part of a second transaction;

outputting, at the point of sale terminal, an offer to sell the benefit for a second price; and

charging a customer that is purchasing the first unit of the product for the second price if the customer accepts the offer.

82. The method of claim 81, further comprising:

outputting, to the customer, a document that entitles the customer to be charged the first price for a second unit of the product.

83. The method of claim 82, further comprising:

receiving the document from the customer during a second transaction.

84. The method of claim 83, further comprising:

determining a current shelf price for the second unit of the product; and

charging the customer, for the second unit of the product, the lesser of the current shelf price and the first price.

85. A method comprising:

determining a purchase total for a first transaction being conducted at a point of sale terminal, the transaction including a plurality of products;

determining a benefit, in which the benefit comprises a guarantee that an amount that is not greater than the purchase total will be charged for the plurality of products during a second transaction;

outputting, at the point of sale terminal, an offer to sell the benefit for a price; and

charging the price to a customer participating in the first transaction if the customer accepts the offer.

86. A method comprising:

determining a purchase total for a first transaction being conducted at a point of sale terminal;

determining an amount of savings received by a customer participating in the first transaction;

determining a benefit, in which the benefit comprises a guarantee that no less than the savings will be received by the customer during a second transaction;

outputting, at the point of sale terminal, an offer to sell the benefit for a price; and

charging the price to the customer if the customer accepts the offer.

87. The method of claim 86, wherein the guarantee comprises a guarantee that no less than the savings will be received by the customer during a second transaction if the customer purchases the same products in the second transaction as are included in the first transaction.

APPENDIX B

Claim Chart

Showing Claim Dependencies of All Pending Claims

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